

The Liverpool Merchants' Guild
Financial Statements
Year ended 31st December 2020
Registered Charity
No.206454

The Liverpool Merchants' Guild

Financial Statements

Year ended 31st December 2020

Index

Page

1 – 6	Trustees' Annual Report
7 - 8	Auditors' Report
9	Statement of Financial Activities
10	Comparative Statement of Financial Activities for the year ended 31 st December 2019
11	Statement of Financial Position
12	Statement of Cash Flows
13 – 22	Notes to the Financial Statements

Trustees' Annual Report**Year ended 31st December 2020**

The Trustees present their Annual Report and the Financial Statements for the year ended 31st December 2020, which have been prepared in accordance with part 8 of the Charities Act 2011.

Structure, Governance and Management

The Charity was established by the will of the late Catherine Wright in 1868 as "Wright's Institution" and was incorporated along with all its subsidiary funds by Royal Charter in 1914 as The Liverpool Merchants' Guild. It is registered with the Charity Commission no. 206454. The Charity's address is 110-114, Duke Street, Liverpool, L1 5AG.

The Royal Charter was amended by a Scheme of the Charity Commission in May 1972 which extended the objects of the Guild and the ways in which benefits could be paid to beneficiaries, established a Common Investment Fund in respect of all of the separate funds that comprised the Guild, and granted unrestricted powers of investment. At the same time the Byelaws were updated to reflect these changes.

A Supplemental Royal Charter was granted in December 2006 which updated and replaced the original Charter and subsequent amendment after the Charity Commission had agreed a Scheme which updated the definitions of the objects of the Charity and the powers of investment. The Board of Management were also granted power to provide indemnity insurance for themselves and a simplified procedure for dealing with any future amendments to the Royal Charter was introduced.

In addition to the Royal Charter there are a set of Byelaws which deal with administrative and management matters. The Byelaws were extensively revised in conjunction with the granting of the Supplemental Charter in December 2006. In particular, the new Byelaws recognised a single class of membership of the Guild, being persons paying an annual subscription of £2.10. Ex-officio membership of the Guild and the Board of Management was, with the consent of the existing office holders, brought to an end.

The Board of Management of the Guild is elected from the members of the Guild.

The following persons, who are all trustees, have been members of the Board of Management during the year:-

Elected members:-

Mr R.J. Carter	(Chairman)
Mr S.T. Chapple-Gill	
Mrs G. Ferrigno	
Mr A.T. Morris	
Mr R.A. Morris	(Resigned 22nd March 2021)
Mrs S. Newton	(Resigned 3rd September 2020)
Mr L. Downey	
Mr K. Head	
Mr D. Bailey	
Mrs J Hobson	(Resigned 4th January 2021)
Mr W M Tudor Roberts	(Appointed 3rd September 2020)
Dr C Lewis-Jones	(Appointed 3rd September 2020)

One third of the elected members are appointed on an annual basis at the Annual General Meeting.

There are two Sub-Committees appointed by the Board of Management.

Finance Sub-Committee – which deals with the management of the Guild's investments

Mr R.J. Carter	(Chairman)
Mr R.A. Morris	(Resigned 22nd March 2021)
Mr A.T. Morris	
Mr L. Downey	
Mr D. Bailey	

Trustees' Annual Report

Year ended 31st December 2020

Selection Sub-Committee – which deals with the award of pensions and grants.

Mrs G. Ferrigno	(Chair)
Mr R.J. Carter	
Mrs S. Newton	(Resigned 3rd September 2020)
Mr S.T. Chapple-Gill	
Mr K. Head	
Mr D. Bailey	
Mrs J Hobson	(Resigned 4th January 2021)
Mr W M Tudor Roberts	(Appointed 3rd September 2020)
Dr C Lewis-Jones	(Appointed 3rd September 2020)

New members are recruited on the basis of the skills, relevant experience or expertise that they are able to contribute to the Board of Management. They undergo a short period of induction training explaining the constitution of the Guild, the responsibilities of a Member of the Board of Management and the workings of the sub-committee to which they will be allocated.

Day to Day Management

The day to day management of the Charity is conducted by Moore (NW) LLP in their capacity as Secretaries.

Risk Management

The Board of Management has assessed the major risks and uncertainties facing the charity and have identified these as:-

Security of Assets, Investment Policies, Fraud, Disaster Recovery and Safety during Visits to Beneficiaries

A summary of the plans and strategy for managing these risks are as follows:-

1. Security of Assets

Safe custody arrangements have been made with regard to the Guild's investments such that all share and stock certificates are held by either the New York Mellon Bank or in electronic format by Rathbone Nominees Limited.

2. Investment Policies

The Trustees have put in place a written investment policy and have delegated discretionary management of the Guild's investments to Rathbone Investment Management who regularly monitor the performance of the Guild's investments which performance is also regularly reviewed at meetings of the Finance Committee.

3. Fraud

The Trustees regularly monitor the financial performance of the Guild. There is a segregation of duties and, whilst cash balances of Liverpool Merchants' Guild are frequently managed by both the Secretaries and the Investment Managers, the Trustees insist on confirmation that both the Secretaries and the Investment Managers have adequate professional indemnity and insurance cover in place.

4. Disaster Recovery

The Secretaries ensure that data back-up procedures are in place together with adequate insurance cover.

Trustees' Annual Report

Year ended 31st December 2020

5. Safety during Visits to Beneficiaries

The Trustees ensure that procedures with regard to the staff of the Secretaries visiting beneficiaries at home are strictly adhered to.

Objectives and Activities

The objects of the Charity as defined by the Supplemental Royal Charter of December 2006 are:-

To relieve individuals who have been a professional or self-employed person, a person who worked in a supervisory capacity, or a clerical or non-manual worker, and their dependants, who are residing in Merseyside, or who have so resided for a continuous period of not less than fifteen years, who are not less than fifty years of age and who are in conditions of need, hardship or distress, either by paying pensions or by making grants or loans of money or providing or paying for items, services or facilities calculated to reduce such need, hardship or distress as aforesaid.

To accept and administer any funds or property given or bequeathed to the Guild upon any trusts for charitable purposes which, in the opinion of the Board of Management of the Guild, can be conveniently carried out and administered by the Guild.

Benefit takes the form of pensions or grants of money for specific items of expense of such an amount as the Board of Management consider suitable to the circumstances of each individual case.

Achievements and Performance

On 20th March 2020, as a result of the reduction in dividend income caused by the Coronavirus Pandemic, the Trustees took the decision to suspend new applications for pensions and grants until such time as they could more accurately estimate the level of income for distribution. The Trustees were confident that current pensions and grants already awarded would be met without any revision for the time being.

Applications for pensions and grants were reinstated by the Finance Committee at their meeting on 3rd September 2020.

Pensions were awarded to 24 new beneficiaries during the year. (2019 - 56). The circumstances of existing beneficiaries were also reviewed resulting in an increase to their pensions of £40,850. Total pensions paid during the year amounted to £1,107,163. The Sub-Committee also made payments of grants totalling £107,313 resulting in an overall increase in expenditure on charitable activities of £56,168 when comparing 2020 to 2019. The number of beneficiaries in receipt of pensions at the end of the year was 279 (2019 - 301).

Plans for Future Periods

The Liverpool Merchants' Guild continues to provide funding towards the support of independent living by means of the provision of specialist equipment or residential adaptations for individuals with special needs.

The principal short term and long term aims and objectives of The Liverpool Merchants' Guild are to increase the number of beneficiaries and positive efforts are still being made to achieve this aim, including updating the Guild's website to facilitate electronic applications.

All current beneficiaries have recently been informed that, in addition to making regular payments, The Liverpool Merchants' Guild also make grants available for items of exceptional expenditure. Additionally, grants are available to new applicants and this is stated both on the Guild's website and published in application guidelines.

Trustees' Annual Report

Year ended 31st December 2020

Marketing

A range of materials, including a website, posters and brochures, have been produced to promote the Guild and it is hoped that this will result in an increase in the number of applications for benefit not only for grants to support independent living but also for ordinary pensions.

Finances

The Supplemental Charter of December 2006 granted the Board of Management power to invest funds, employ a professional fund manager and to arrange for the investments of the Guild to be held in the name of a nominee in the same manner as trustees of a trust are permitted to do by the Trustee Act 2000.

The capital funds of the Guild may also be invested in a Common Investment Fund established by a Scheme of the Charity Commission on 4th May 1972.

In March 2007 the Charity Commission approved a Scheme whereby the previously separate named funds were formally amalgamated into a single fund entitled The Liverpool Merchants' Guild.

The capital of the Guild is grouped into four funds:

The Permanent Endowed Fund is made up of all the original separate funds which were incorporated into the Guild at the time the original Royal Charter was granted together with subsequent bequests which had stipulated that the capital was not expendable. This fund is a restricted fund and only income may be expended in furtherance of the objects of the Guild.

The Legacies Fund is also a restricted fund but comprises bequests to the Guild where there has been no stipulation regarding capital. The whole of this fund is expendable on the objects of the Guild although at present only the income is being used.

The General Fund is an unrestricted fund and comprises unconditional bequests to the Guild. At present only income is being utilised with any unspent income at the end of each year being transferred to the Reserve Fund.

The Reserve Fund is an unrestricted fund and comprises unspent income accumulated over many years. Part of the Reserve Fund has been utilised in previous years to finance loans to beneficiaries to enable them to carry out essential property repairs. A further part of the Reserve Fund is invested temporarily.

Rathbone Investment Management continued to manage the Guild's investments on a discretionary basis, in accordance with the parameters set by the Finance Committee, under the terms of their appointment which commenced on 1st October 2013.

The funds have performed as follows during the year:-

Bespoke Composite Benchmark – year to 31.12.2020 = (2.9)%

	31.12.2019	31.12.2020	%-age change	Benchmark
Common Investment Fund				
Market value	42,062,223	43,502,926		
Cash held by Rathbones	<u>745,142</u>	<u>444,878</u>		
	42,807,365	43,947,804		
Income generated	-	1,142,700		
	<u>42,807,365</u>	<u>45,090,504</u>	5.33%	(2.9)%

Trustees' Annual Report

Year ended 31st December 2020

	31.12.2019	31.12.2020	%-age change	Benchmark
Reserve Fund				
Market value	3,154,936	3,962,630		
Cash held by Rathbones	<u>486,675</u> 3,641,611	<u>nil</u> 3,962,630		
Income generated	<u>-</u> <u>3,641,611</u>	<u>64,826</u> <u>4,027,456</u>	10.60%	(2.9)%
Management fees taken	<u>161,643</u>	<u>156,912</u>		

During the year the Common Investment Fund and the Reserve Fund had combined realised losses on investments totalling £25,477 and unrealised gains on investments amounting to £1,628,205.

Overall, taking cash balances into account, the combined value of the Common Investment Fund and the Reserve Fund at 31st December 2020 amounted to £48,655,408 which was an increase of £1,322,290 on the combined value of the Common Investment Fund and the Reserve Fund at 31st December 2019 in the sum of £47,333,118.

There were no legacies or donations received during the year (2019 – nil).

The principal funding sources of the Charity are the investments which the Charity holds. During the reporting period investment income amounted to £1,207,505 which sum substantially covered the Guild's expenditure on charitable activities of £1,277,753.

Going Concern

In accordance with the requirements of FRS102 SORP, the Trustees have reviewed the financial position of the Guild. This review has covered a period up to 31st December 2022 and the Trustees of the Guild are unanimously of the view that the Charity is a going concern.

The Trustees are also unanimously of the view that there are no material uncertainties about the Charity's ability to continue.

Reserves

Whilst all charitable payments are entirely discretionary and there is no irrevocable commitment for further expenditure, the Board of Management consider that a reasonable level of reserve would equate to approximately 12 months expenditure. Current free reserves, £4,250,991, are approximately 34 months expenditure.

The Board of Management are comfortable with the level of reserves held, particularly in view of its intention to actively seek to increase the number of beneficiaries.

Responsibilities

Charity Law requires the Board of Management 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 its financial activities for that period. In preparing those financial statements the Board of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the policies adopted are in accordance with the Statement of Recommended Practice "Charities SORP (FRS 102) issued by the Charity Commission and with applicable accounting standards subject to any material departures disclosed and explained in the financial statements.

Trustees' Annual Report

Year ended 31st December 2020

- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Charity will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the Royal Charter of 2006. It is responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

The Trustees have complied with the duty in section 8 of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission (Public Benefit).

Post Balance Sheet Events

The Trustees have been closely monitoring events since the beginning of 2021 and are happy to report that there has been a substantial increase in the level of dividend income generated by the Guild's investment portfolio.

Income from 1st January 2021 to 31st May 2021 has risen by 39.8% as compared to the same period last year.

Secretaries

The Secretaries of the Guild are Moore (NW) LLP, Chartered Accountants, 110-114 Duke Street, Liverpool, L1 5AG.

Bankers

The Guild's principal bankers are Barclays Bank PLC, City Office, 48B and 50 Lord Street, Liverpool, L2 1TD.

Investment Managers

The Guild's Investment Managers are Rathbone Investment Management, Port of Liverpool Building, Pier Head, Liverpool, L3 1NW.

Auditors

The Guild's auditors are BWM, Chartered Accountants, Castle Chambers, 43 Castle Street, Liverpool, L2 9SH.

Solicitors

The Guild's solicitors are Brabners LLP, Horton House, Exchange Flags, Liverpool, L2 3YL.

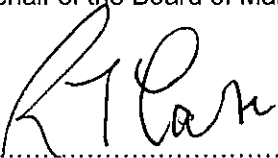
Website: www.liverpoolmerchantsguild.org.uk

E-Mail: info@liverpoolmerchantsguild.org.uk

Telephone and Fax

Tel: 0151 703 1080
Fax: 0151 703 1085

On behalf of the Board of Management



.....
Mr R.J. Carter
Chairman

Date 20th Sep 2021

Independent Auditors' Report to the Members of The Liverpool Merchants' Guild**Opinion**

We have audited the financial statements of The Liverpool Merchants' Guild (the 'charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, 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).

In our opinion, the financial statements: -

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources 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 for 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 Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 or 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.

Matters on which we are required to report by exception

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

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

Independent Auditors' Report to the Members of The Liverpool Merchants' Guild**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 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 auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 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 now been withdrawn.

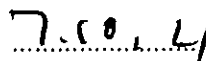
This has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

Use of our audit 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



BWM



**Chartered Accountants
Statutory Auditor**

Castle Chambers
43 Castle Street
Liverpool
L2 9SH

BWM is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

The Liverpool Merchants' Guild
Statement of Financial Activities
Year ended 31st December 2020

Page 9

	Note	Restricted Funds		Unrestricted Funds		Total Funds	2019
		Endowed Funds	Legacies Fund	General Fund	Reserve Fund		
		£	£	£	£	£	£
Income and endowments from							
Donations and legacies	3	-	-	-	-	-	-
Subscriptions		-	-	21	-	21	21
Income from Investments							
UK Investment Income		750,147	32,989	123,167	37,914	944,217	1,226,448
Non UK Investment Income		167,764	7,378	27,545	26,486	229,173	229,085
Deposit Interest		27,885	1,226	4,578	426	34,115	15,446
Total Income and endowments		945,796	41,593	155,311	64,826	1,207,526	1,471,000
Expenditure on							
Expenditure on raising funds	4	129,876	5,712	21,324	-	156,912	161,643
Expenditure on Charitable activities	5	1,101,712	48,450	180,890	-	1,331,052	1,277,753
Total Expenditure		1,231,588	54,162	202,214	-	1,487,964	1,439,396
		(285,792)	(12,569)	(46,903)	64,826	(280,438)	31,604
Net Gains/(losses) on investments	10 & 12	1,050,600	46,203	172,498	333,427	1,602,728	6,477,462
Net Income / (Expenditure)		764,808	33,634	125,595	398,253	1,322,290	6,509,066
Transfer of Special Dividends	8	-	-	-	-	-	-
Transfers between funds	9	285,792	12,569	46,903	(345,264)	-	-
Net Movement of Funds		1,050,600	46,203	172,498	52,989	1,322,290	6,509,066
Total Funds Brought Forward		35,627,058	1,565,311	5,848,947	4,291,802	47,333,118	40,824,052
Total Funds Carried Forward		36,677,658	1,611,514	6,021,445	4,344,791	48,655,408	47,333,118

For an analysis of the comparative figures for the year ended 31 December 2019 see page 10

The Liverpool Merchants' Guild
Comparative Statement of Financial Activities
For the Year ended 31st December 2019

Page 10

	<u>Restricted Funds</u>		<u>Unrestricted Funds</u>		
	Endowed Funds	Legacies Fund	General Fund	Reserve Fund	Total 2019
	£	£	£	£	£
Income and endowments from					
Donations and legacies	-	-	-	-	-
Subscriptions	-	-	21	-	21
Income from Investments					
UK Investment Income	971,257	42,713	159,471	53,007	1,226,448
Non UK Investment Income	168,266	7,400	27,628	25,791	229,085
Deposit Interest	12,184	536	2,000	726	15,446
Total Income and endowments	1,151,707	50,649	189,120	79,524	1,471,000
Expenditure on					
Expenditure on raising funds	133,792	5,884	21,967	-	161,643
Expenditure on Charitable activities	1,057,596	46,510	173,647	-	1,277,753
Total Expenditure	1,191,388	52,394	195,614	-	1,439,396
	(39,681)	(1,745)	(6,494)	79,524	31,604
Net Gains/(losses) on investments	4,936,397	217,089	810,506	513,470	6,477,462
Net Income / Expenditure	4,896,716	215,344	804,012	592,994	6,509,066
Transfers between funds	39,681	1,745	6,494	(47,920)	-
Net Movement of Funds	4,936,397	217,089	810,506	545,074	6,509,066
Total Funds Brought Forward	30,690,661	1,348,222	5,038,441	3,746,728	40,824,052
Total Funds Carried Forward	35,627,058	1,565,311	5,848,947	4,291,802	47,333,118

The notes on pages 13 to 22 form part of these financial statements.

The Liverpool Merchants' Guild
Statement of Financial Position
31st December 2020

Page 11

	Note	£	2020 £	£	2019 £
Fixed Assets					
Investments and cash held by the Common Investment Fund	10		44,310,617		43,041,316
Current Assets					
Debtors & prepayments due within one year	11	258		130	
Debtors due after more than one year	11	93,800		96,600	
Investments	12	3,962,630		3,154,936	
Cash at Bank		336,215		1,086,794	
		<u>4,392,903</u>		<u>4,338,460</u>	
Current Liabilities					
Creditors & accruals due in less than one year	13	<u>48,112</u>		<u>46,658</u>	
Reserve Fund / Net Current Assets			4,344,791		4,291,802
Total Assets less Current liabilities			<u><u>48,655,408</u></u>		<u><u>47,333,118</u></u>
Funds of the Charity:					
Restricted Funds:					
Permanent Endowed Funds	16		36,677,658		35,627,058
Legacies Fund	16		1,611,514		1,565,311
Unrestricted Funds:					
General Fund	16		6,021,445		5,848,947
Reserve Fund	15		4,344,791		4,291,802
Total Charity Funds			<u><u>48,655,408</u></u>		<u><u>47,333,118</u></u>

Approved on behalf of the Board of Management on 25 Sep 2021

R J Carter
Chairman

Moore (NW) LLP
Secretaries

Statement of Cash Flows

Year ended 31st December 2020

	2020	2019
	£	£
Reconciliation of net income to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,322,290	6,509,066
Adjustments for:		
Net (gains) / losses on investments	(1,602,728)	(6,477,462)
Dividends, interest from investments	(1,207,505)	(1,470,979)
Decrease in debtors	2,672	16,902
Increase / (Decrease) in creditors	1,454	(16,419)
Net cash provided by (used by) operating activities	<u>(1,483,817)</u>	<u>(1,438,892)</u>

Statement of Cash Flows

Cash Flows from Operating Activities:

Net cash provided by (used by) operating activities	<u>(1,483,817)</u>	<u>(1,438,892)</u>
--	--------------------	--------------------

Cash Flows from investing Activities:

Dividends, interest from investments	1,207,505	1,470,979
Proceeds from sale of investments	7,546,133	4,318,434
Purchase of investments	(8,191,802)	(3,834,274)
Net cash provided by (used by) investing activities	<u>561,836</u>	<u>1,955,139</u>

Change in cash and cash equivalents in the the reporting period	(921,981)	516,247
--	-----------	---------

Cash and cash equivalents at the beginning of the reporting period	2,065,887	1,549,640
---	-----------	-----------

Cash and cash equivalents at the end of the reporting period	<u>1,143,906</u>	<u>2,065,887</u>
---	------------------	------------------

Made up as to:

Reserve Fund - Current Assets - Cash at bank	336,215	1,086,794
Common Investment Fund - Fixed Assets - Cash Deposits	807,691	979,093
	<u>1,143,906</u>	<u>2,065,887</u>

1 Accounting Policies

Legal status

Liverpool Merchants' Guild constitutes a public benefit entity as defined by FRS 102.

a Scope and basis of the financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at market value, and are in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('the SORP'), FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2016.

The financial statements have been prepared on a going concern basis. This is discussed in the Trustees' report at page 5 under the heading 'going concern'.

b Incoming Resources

Income arising on the Common Investment Fund investments is allocated to each fund in proportion to the value of the funds at 31st December 2019.

c Investment Income

Dividends and bank interest are included as incoming resources when they are received.

d Legacies and Donations Received

Legacies and donations are recognised upon receipt or when it is probable that they will be received.

Receipt is normally probable when:

- there has been grant of probate:
- the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy:
- any conditions attached to the legacy are either within the control of the charity or have been met.

e Taxation

The Guild is a registered Charity and is not liable to UK taxation on its charitable activities and is not registered for VAT purposes. Expenditure is stated inclusive of any applicable VAT.

f Pensions and Grants

All charitable payments are made for the benefit of individuals who meet the criteria for eligibility as set out in the Guild's Byelaws and Regulations and are made for the relief of hardship or need. All awards are made at the discretion of the Board of Management which does not enter into any commitment to renew or repeat any payment. Charitable payments are accounted for as and when paid.

g Loans to Beneficiaries

Loans are granted to beneficiaries for the purpose of funding essential property maintenance or repairs. They are interest free and are repayable when the beneficiary ceases to occupy the property involved. Loans are only made from the Reserve Fund.

h Investments

Investments held as fixed assets and current assets are all listed on a recognised stock exchange and are included in the financial statements at market value.

Those investments which are held as current assets are part of the Reserve Fund and are highly liquid investments which are readily realisable.

1 Accounting Policies (cont)

i Investment Gains and Losses

Realised and unrealised gains and losses on the Common Investment Fund investments are allocated to each capital fund in aliquot portions. Gains or losses arising on investments of the Reserve Fund are treated as additions or reductions to that fund and are available to set off against future expenditure.

j Fund Accounting

Following advice from the Charity Commission in June 1972, the Guild's capital funds were reclassified from a single permanent endowed capital account into restricted and unrestricted funds. Restricted funds have been further subdivided into permanent and expendable funds.

Funds in existence in June 1972, the date of implementation of the scheme by the Charity Commission, have been classified as permanent endowed funds and any additions to those funds since that date have been treated as additions to the permanent endowment. New funds received since June 1972 have been classified as restricted or unrestricted funds according to the terms or conditions attaching to the bequest to the Guild. Details of the various funds are set out in Notes 16 and 17.

All funds classified as restricted are held for the specific purpose of paying pensions or other benefits to eligible beneficiaries.

k Debtors due after more than one year

Debtors due after more than one year comprise loans to beneficiaries, both secured and unsecured. As there is no certainty when these amounts will be recovered the net present value, therefore, cannot be measured.

l Current Assets - Investments

Current asset investments represent stocks and shares quoted on recognised stock exchanges. Such stocks and shares can be immediately sold in exchange for cash which is receivable on the ordinary settlement terms of the stock exchange in question

m Current Assets - Cash at Bank

Cash at bank represents monies held either at Barclays Bank or with Rathbone Investment Management. Such monies are immediately available and no notice period is required for access to same.

n Current Liabilities - Creditors & Accruals

Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting Policies (cont)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

2 Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Liverpool Merchants' Guild
Notes To The Financial Statements
Year ended 31st December 2020

Page 16

3 Donations and Legacies	2020	2019
	£	£
Legacies - see page 5 for details	-	-
Donations - see page 5 for details	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
4 Expenditure on Raising funds	2020	2019
	£	£
Investment Management fees	156,912	161,643
	<u>156,912</u>	<u>161,643</u>
	<u>156,912</u>	<u>161,643</u>
5 Expenditure on Charitable activities	2020	2019
	£	£
Pensions	1,107,163	1,014,475
Grants	107,313	143,833
Auditors' remuneration	4,656	4,482
Secretaries fees	108,000	108,000
Legal Costs	-	2,550
Postage and stationery and web design	3,920	4,413
	<u>1,331,052</u>	<u>1,277,753</u>
	<u>1,331,052</u>	<u>1,277,753</u>

Expenditure on Charitable activities is allocated in proportion to the endowed, legacy and general fund values at 31st December 2019.

All charitable payments are for the benefit of individuals. At 31st December 2020 there were 279 beneficiaries. (2019 : 301).

6 Trustees Remuneration

No member of the Board of Management or any connected persons received any remuneration in respect of their services as trustees. Additionally no member of the Board of Management or any connected persons received or waived any reimbursement of expenses. (2019 - none)

S T Chapple Gill, a member of the Board of Management is a consultant to the firm Brabners LLP. Mr D. Bailey, also a member of the board of management, is a partner in the firm Brabners LLP. Brabners LLP provide legal services to the Guild. An Order has been obtained from the Charity Commission allowing the Guild to continue to utilise the services of this firm. £nil was charged by Brabners during the year (2019 - £nil). The amount outstanding to Brabners LLP at 31 December 2020 was £nil (2019 - £nil).

Mr A.T. Morris, who is a Trustee of Liverpool Merchants Guild, is an employee of Rathbone Investment Management. This latter company were appointed by the management Board of Liverpool Merchants' Guild to manage the Guild's investments on a discretionary basis with effect from 1st October 2013. Agreement to the appointment of Rathbone Investment Management was obtained from the Charity Commission. Rathbone Investment Management received remuneration included in these accounts amounting to £156,912. (2019 - £161,643). The amount outstanding to Rathbone Investment Management at 31 December 2020 was £43,119. (2019 - £41,804).

7 Employees

The Liverpool Merchants' Guild does not have any employees and does not provide any retirement or post employment benefits to anyone. (2019 - none)

8 Transfer of Special Dividends

No special dividends or similar income have been received during the year which require a transfer between income and capital.

The Guild still considers it appropriate to make a transfer when such income arises. The capital funds would then have been credited in proportion to the fund values at the end of the previous year.

9 Transfer between funds

At the end of each year transfers are made to or from the Reserve Fund in respect of the surplus or deficit of income on each of the other funds and is made up as follows:

	Note	Restricted Funds		Unrestricted Funds		Total Funds
		Endowed Funds	Legacies Fund	General Fund	Reserve Fund	
		£	£	£	£	£
Subscriptions		-	-	21	-	21
UK Investment Income		750,147	32,989	123,167	-	906,303
Non UK Investment Income		167,764	7,378	27,545	-	202,687
Deposit Interest		27,885	1,226	4,578	-	33,689
		945,796	41,593	155,311	-	1,142,700
Expenditure on raising funds	4	129,876	5,712	21,324	-	156,912
Expenditure on charitable activities	5	1,101,712	48,450	180,890	-	1,331,052
		1,231,588	54,162	202,214	-	1,487,964
Net deficit before gains and losses, to be transferred		285,792	12,569	46,903	(345,264)	-

10 Fixed Assets

Investments

Common Investment Fund

	In UK	Outside UK	Total	2019
	£	£	£	£
Market Value 1st January 2020	29,615,798	12,446,425	42,062,223	36,245,852
Acquisitions	3,009,361	3,982,125	6,991,486	3,550,024
Disposals	(3,720,726)	(3,099,358)	(6,820,084)	(3,697,645)
Realised Gains / (losses)	291,118	228,413	519,531	519,531
Unrealised gains/(losses) on revaluation of Investments	(1,132,125)	1,881,895	749,770	5,444,461
Market Value 31st December 2020	28,063,426	15,439,500	43,502,926	42,062,223
Cost at 31st December 2020	16,378,678	10,691,154	27,069,832	26,501,360

Investment Cash Deposits

Cash at Bank	807,691	-	807,691	979,093
Total Common Investment Fund Investments	28,871,117	15,439,500	44,310,617	43,041,316

The Liverpool Merchants' Guild
Notes To The Financial Statements
Year ended 31st December 2020

Page 18

	Value	%	Value	%
	31.12.2020		31.12.2019	
	£		£	
10 Fixed Assets (cont)				
UK Investments				
Fixed Income	417,339	1.49	1,553,099	5.24
Banks	1,326,608	4.73	1,557,532	5.26
Beverages	1,162,712	4.14	1,293,002	4.37
Food and Drug Retailers	532,220	1.90	1,005,112	3.39
Food Producers and Processors	888,282	3.17	879,889	2.97
General Financial	665,112	2.37	450,680	1.52
Global Investments	4,518,964	16.10	3,705,549	12.51
Health	679,500	2.42	824,625	2.78
Household Goods	619,200	2.21	580,110	1.96
Infrastructure Funds	1,931,256	6.88	1,909,153	6.45
Investment Trusts	1,396,663	4.98	1,536,200	5.19
Life Assurance	1,285,280	4.58	1,423,380	4.81
Media and Photography	1,811,250	6.45	1,305,025	4.41
Mining	2,220,659	7.91	2,089,582	7.06
Oil and Gas	2,215,181	7.89	2,618,693	8.84
Pharmaceuticals	1,397,857	4.98	1,651,260	5.58
Private Equity Stock	532,443	1.90	475,888	1.61
Real Estate Holding and Development	409,122	1.46	565,686	1.91
Software & Computer Services	414,520	1.48	831,773	-
Support Services	1,692,158	6.03	1,268,717	4.28
Telecommunication Services	312,233	1.11	378,893	1.28
Tobacco	582,220	2.07	613,985	2.07
UK Investment Grade Bonds	408,222	1.45	394,461	1.33
Water & Gas	644,425	2.30	703,504	5.18
	28,063,426	100.00	29,615,798	100.00
Investments outside the UK				
Asia	1,663,147	10.77	1,883,527	15.13
Europe Investment Trusts	1,967,350	12.74	2,242,410	18.02
Japanese	1,886,685	12.22	1,726,121	13.87
Overseas High Yield Bonds	-	-	-	-
US Shares	9,663,300	62.59	6,279,157	50.45
Emerging markets	259,018	1.68	315,210	2.53
	15,439,500	100.00	12,446,425	100.00
Total Quoted Investments	43,502,926		42,062,223	

There were no individual direct holdings that represented more than 6% of the total value of fixed and current asset investments at 31st December 2020.

10 Fixed Assets (cont)

All investments are investments in quoted securities or unit trusts. These have been revalued at 31st December 2020 on the basis of prices quoted on the relevant Stock Exchange or by the fund manager.

All of the fixed asset investments are held in direct furtherance of the charity's objects.

11 Debtors		2020	2019
		£	£
Due within one year	Income tax recoverable	-	-
	Other debtors	258	130
		<u>258</u>	<u>130</u>
Due after more than one year	Secured loans to beneficiaries	72,947	72,947
	Unsecured loans to beneficiaries	20,853	23,653
		<u>93,800</u>	<u>96,600</u>

Loans to beneficiaries are interest-free and have no fixed date for repayment.

As there is no certainty as to when loans to beneficiaries will be recovered, the net present value of those loans cannot be measured

12 Current Asset Investments

Quoted Investments in UK		2020	2019
		£	£
Market Value 1st January 2020		3,154,936	2,978,006
Acquisitions		1,200,316	284,250
Disposals		(726,049)	(620,789)
Realised gains/(losses)		(20,558)	90,349
Unrealised gains/(losses) on revaluation of investments		353,985	423,120
Market Value 31st December 2020		<u>3,962,630</u>	<u>3,154,936</u>
Cost at 31st December 2020		<u>3,239,806</u>	<u>2,627,127</u>

Current asset investments represent the temporary investment of previous accumulations of income.

All investments are investments in quoted securities. These have been revalued at 31st December 2020 on the basis of prices quoted on the relevant Stock Exchange.

The Liverpool Merchants' Guild
Notes To The Financial Statements
Year ended 31st December 2020

Page 20

12 Current Asset Investments (cont)

	Value 31.12.2020 £	%	Value 31.12.2019 £	%
Banks	125,822	3.18	111,376	3.53
Household Goods	20,280	0.51	19,000	0.60
Fixed Income	190,968	4.82	354,360	11.23
Investment Trusts	85,217	2.15	95,980	3.04
Media and Photography	145,000	3.66	55,825	1.77
Water and Gas	32,870	0.83	35,883	1.14
Oil & Gas	45,100	1.14	49,518	1.57
Pharmaceuticals	242,832	6.13	294,581	9.34
Private Equity Stock	53,544	1.35	47,857	1.52
Software & Computer Services	47,300	1.19	100,998	3.20
Support Services	80,619	2.03	68,145	2.16
Telecommunications Services	115,442	2.91	140,088	4.44
Europe Investment Trusts	453,883	11.45	357,648	11.34
US Shares	1,627,355	41.07	763,047	24.19
Japanese	437,380	11.04	345,420	10.95
Emerging Markets	259,018	6.54	315,210	9.99
	3,962,630	100.00	3,154,936	100.00

13 Creditors - amounts due within one year

	2020 £	2019 £
Accruals	48,112	46,658
	48,112	46,658

14 Capital Funds

	£	£
Balance 1st January 2020	43,041,316	37,077,324
Net (outgoing) / incoming resources for the year	(345,264)	(47,920)
Transfer from / (to) Reserve Fund	345,264	47,920
Realised investment gains / (losses)	(4,919)	519,531
Unrealised gains / (losses) on revaluation of investments	749,770	5,444,461
Balance 31st December 2020	43,786,167	43,041,316

15 Reserve Fund

	£	£
Balance 1st January 2020	4,291,802	3,746,728
Net incoming resources for the year	64,826	79,525
Transfer (to) / from Capital Funds	(345,264)	(47,920)
Realised gains / (losses) on disposal of investments	(20,558)	90,349
Unrealised gains / (losses) on revaluation of investments	353,985	423,120
Balance 31st December 2020	4,344,791	4,291,802

The Liverpool Merchants' Guild
Notes To The Financial Statements
Year ended 31st December 2020

Page 21

16 Capital Funds

	2020 £	2019 £
Restricted Funds		
Permanent Endowed Fund	36,677,658	35,627,058
Legacies Fund	1,611,514	1,565,311
Unrestricted Funds		
General Fund	6,021,445	5,848,947
Total Capital Funds	44,310,617	43,041,316

In March 2007 the Charity Commission approved a scheme whereby the individual named funds that had comprised the Permanent Endowed Fund were formally amalgamated into one single fund entitled The Liverpool Merchants' Guild.

The following is a list of funds that now comprise the Liverpool Merchants' Guild Permanent Endowed Fund:-

Mrs W M Allen Fund	William Imrie Liverpool Clerks Benevolent Fund
American Chamber of Commerce Fund	E Alan Johnston Fund
Miss Olivia Atherton fund	Helen Johnston Fund
Mrs James Barrow Fund	Johnston Family Fund
Thomas Bartlett Fund	Kathleen Steward Kendall Fund
Mrs E E Bartley Fund	Anita G Lawrence Fund
Frederic Bowden Fund	Miss Henrietta McKay Fund
James Lord Bowes Fund	Thomas Moss Fund
Mrs Anna Brancker Fund	Essie Newberry Fund
Frank Brocklehurst Fund	Thomas William & Alice Eleanor Oakshott Memorial Fund
John Bury Annuity Fund	The Misses Paton Fund
William Cliff Fund	Mercey Richardson Fund
C H Collie Fund	Lucie Amelia Ridley Fund
Aileen Congrieve Fund	Frank Rigby Fund
John Cropper Fund	John Winser Sheriff Fund
John G & Mary Dobson Fund	W H Shirley Fund
Emma Elliston Fund	W M Simpson Fund
Isolina Gee Fund	Henry Tate Fund
General & Roger Lyon Jones Fund	Charles & Kate Thorne Fund
Andrew Gibson Fund	The William Henry & Harriet Watt Fund
Isabel Grace Hall Fund	Frank & Gwen White Fund
Harrison Fund	Mr & Mrs George Wilson Fund
John Hill Fund	J Marke Wood Fund

17 Summary of Net Assets by Funds - 31 December 2020

	Fixed Assets £	Current Assets £	Total £
Restricted Funds			
Permanent Endowed Funds	36,677,658	-	36,677,658
Legacies Fund	1,611,514	-	1,611,514
Unrestricted Funds			
General Fund	6,021,445	-	6,021,445
Reserve Fund	-	4,344,791	4,344,791
	44,310,617	4,344,791	48,655,408

Summary of Net Assets by Funds - 31 December 2019

	Fixed Assets £	Current Assets £	Total £
Restricted Funds			
Permanent Endowed Funds	35,627,058	-	35,627,058
Legacies Fund	1,565,311	-	1,565,311
Unrestricted Funds			
General Fund	5,848,947	-	5,848,947
Reserve Fund	-	4,291,802	4,291,802
	43,041,316	4,291,802	47,333,118

Restricted funds are held for the specific purpose of paying pensions or other benefits to eligible beneficiaries.

The capital of the permanent endowed funds may not be expended, only the income arising on these funds may be utilised in the payment of pensions or other benefits to beneficiaries.

Unrestricted funds may be utilised for any purpose of the Guild.

18 Commitments

Payment of pensions and grants is entirely discretionary. The Board of Management is of the opinion that there were no commitments for either revenue or capital expenditure at 31st December 2020 (2019 - £nil).

19 Related Parties

S T Chapple Gill, a member of the Board of Management is a consultant to the firm Brabners LLP. Mr D. Bailey, also a member of the board of management, is a partner in the firm Brabners LLP. Brabners LLP provide legal services to the Guild. An Order has been obtained from the Charity Commission allowing the Guild to continue to utilise the services of this firm. £nil was charged by Brabners during the year (2019 - £nil). The amount outstanding to Brabners LLP at 31 December 2020 was £nil (2019 - £nil).

Mr A.T. Morris, who is a Trustee of Liverpool Merchants Guild, is an employee of Rathbone Investment Management. This latter company were appointed by the management Board of Liverpool Merchants' Guild to manage the Guild's investments on a discretionary basis with effect from 1st October 2013. Agreement to the appointment of Rathbone Investment Management was obtained from the Charity Commission. Rathbone Investment Management received remuneration included in these accounts amounting to £156,912. (2019 - £161,643). The amount outstanding to Rathbone Investment Management at 31 December 2020 was £43,119. (2019 - £41,804).

There are no other related party transactions.

20 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost		
Debtors	93,800	96,600
Cash held	1,143,906	2,065,887
	1,237,706	2,162,487
Instruments measured at fair value through SOFA		
Investments held by Reserve Fund	3,962,630	3,154,936
Investments held by Common Investment Fund	43,502,926	42,062,223
	47,465,556	45,217,159
Carrying amount of financial liabilities		
Measured at amortised cost		
Accruals	48,112	46,658