

Charity Registration No. 210112

Registered under Royal Charter No. RC000316

LIVERPOOL MEDICAL INSTITUTION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

LIVERPOOL MEDICAL INSTITUTION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Mr A C Swift
Mr D G Machin (Chair)
Dr N Butt (Honorary Secretary)
Dr S Ryan
Dr J M Curtis
Professor J Ashton
Mr A Baird (Honorary Treasurer) (appointed January 2020)

Charity number

210112

Auditor

DSG
Castle Chambers
43 Castle Street
Liverpool
L2 9TL

LIVERPOOL MEDICAL INSTITUTION

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LIVERPOOL MEDICAL INSTITUTION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their report and financial statements for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Charities Act 2011 and "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) (effective 1 January 2019)".

Objectives and activities

The Institution was established for the cultivation of the knowledge of medicine, surgery and the collateral branches of science including the maintenance of a library. The objectives of the Institution are to enable as many people as possible to achieve their learning potential by maintaining the operation of a library and by facilitating training and specialist group conferences by providing the appropriate facilities.

The Trustees confirm that they have referred to the guidance on the expansion of the public benefit function issued from time to time by the Charities Commission when reviewing the charity's aims and objectives and in planning its future activities.

The principal activities of the Institution during the year were severely impacted by the restrictions imposed by the Government because of the Coronavirus pandemic. The Institution's building was effectively closed for most of the year from 23rd March onwards, with staff either on furlough or working from home. The usual activities of the Institution remain the maintenance of the library facility and an academic programme of lectures and meetings, both educational and social, for its members and the local specialist medical groups and their associate student bodies. The general public are kept informed and are welcome as guests to all technical lectures and meetings. This benefits many individuals associated with the medical profession, ranging from students, practising professionals, specialist medical groups and any members of the public who wish to improve their knowledge. The Institute anticipates putting on an annual series of cancer related talks for the public (and profession) in collaboration of Cancer Research North West.

Achievements and performance

The venue bookings for January and February 2020 were down 5% on 2019 but the bookings for the remainder of 2020 were up on 2019 and 2020 would have been a good trading year, except for the Coronavirus pandemic.

The charity used the lockdowns as windows of opportunity to undertake some work, which would have been difficult to carry out during a normal trading year. This included the replacement of the boiler with a much more efficient system and the replacement of most of the electrical distribution boards. We, also added a further breakout room to our portfolio, utilising what was once the first floor of the tenanted accommodation.

LIVERPOOL MEDICAL INSTITUTION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial review

The year's activities resulted in a surplus of £99,350 compared with a deficit of £68,798 in 2019.

2 major sources of income which the charity received in 2020 and assisted with the surplus made are as follows:

Lease Surrender Income

The TSB Bank vacated their tenancy in September 2019 and marketed the sub-lease without success. In the spring of 2020, they decided to surrender the sub-lease, which had just over three years remaining. The surrender income was calculated on the lost rental for the remaining period, together with rates and dilapidations liabilities. The surrender value (£139,750) was agreed between the TSB's agents and our professional advisors.

Legacy Receipt

The legacy was granted from the estate of Dr Barry Anthony Enoch of Manchester. To date, we have received an interim distribution of £150,000. We anticipate a further modest payment in 2021 when the estate's affairs are finalised. The legacy was granted without any specific instructions as to how the money is to be utilised.

Coronavirus Job Retention Scheme

Also the charity received income from the Coronavirus Job Retention Scheme. The offices of Liverpool Medical Institution were closed on 24th March 2020 for the first lockdown and all staff were placed on furlough with the exception of the Finance Manager, who worked mainly from home. Claims were made via the Job Retention Scheme for partial financial support of the salaries for staff on furlough. Staff were brought back to work in July but were placed back on furlough on 4th November, with the Finance Manager working from home, as before. From 2nd December (until Easter 2021), staff were placed on flexible furlough to work a limited number of hours dependent on the workload requirements for each particular week.

The total amount transferred by Gift Aid from the subsidiary company LMI Trading Company Ltd for the year amounted to £53,378 (2019: £175,243). Minimal funds are retained in the subsidiary, the operating expenses of which are paid by the charity.

The other principal sources of funding during the year were:-

- Membership Fees
- Rent from the occupancy of parts of the building surplus to current requirements
- Surrender of the lease on the part of the building formerly occupied by the TSB Bank
- Grant from Health Education England for the Spanish Flu Exhibition (relating to an exhibition in 2019)
- Grant from Liverpool City Council (Covid discretionary grant)
- Legacy from the estate of a retired doctor.
- Educational programme
- Donations and Sponsorship of specific events by individuals, groups and companies in related industries

LIVERPOOL MEDICAL INSTITUTION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Covid lockdown caused Strategic Management Council (SMC) members to undertake a comprehensive review of all LMI activities. This led to the acceptance that we could no longer afford library staffing at the then level (Librarian – 3 days per week, Library Assistant – 4 days per week), particularly as the income from Library activities was minimal. The Assistant Librarian was made redundant and the Librarian was offered a reduced hours contract but opted for redundancy. At around the same time the Manager resigned from her post. Subsequently a new and clearer management structure was put in place, which it is anticipated will support optimisation of the business & finance arrangements of the Institution.

Income and Membership

There was a decrease from £32,985 to £32,119 in the amount received from membership fees. Membership numbers continued to decrease in all categories except for that of trainees, who are allowed free membership of the Institution.

Donations and Gift Aid

The Institution is grateful for donations including those made by Gift Aid and for the bequests from the estates of former members. In 2020 a total of £2,694 was received from donors and £1,646 was received from HMRC in respect of the payment claim made during the year.

Investment Powers and Policies

The Trustees have a portfolio of investments: the portfolio is unrestricted but is only invested in UK companies and will not invest in companies connected with the production and sale of tobacco products. At the end of the year the values of the portfolio was £346,601 (2019: £331,112).

Reserves Policy

It is the policy of the Trustees to maintain unrestricted cash funds, which are the free reserves of the Institution, throughout the year at a level so that the charitable objectives can be met in the event of any financial uncertainty. The Trustees have set a target figure for free reserves of a minimum of £92,000. This is equivalent to an average of three months' ordinary expenditure.

Projected Expenditure

Proposed works to the building fabric during 2021 will initially be limited to items of essential maintenance. However, the Trustees intend to investigate the availability of grant funding to support some potential redevelopment projects.

Plans for Future Periods

The Trustees intend to reinvigorate the life of the institution by improving the benefits to members and users of the institution's facilities. This will be attempted by improving the audio-visual set up both for in-house meetings and for remote participants. Catering will be provided in-house to improve quality and profitability. We will explore the local market (Universities and hospitals) to determine whether there is a demand for lunches at LMI. We will be working with lay SMC members to apply for grants, both for the preservation of the building and the improvements necessary to make the building better suited to current educational requirements.

Structure, governance and management

Governing Document

Liverpool Medical Institution was established as an Association in 1770 and incorporated under a Royal Charter dated 26 June 1964. It is registered as a Charity with the Charities Commission under the number 210112.

LIVERPOOL MEDICAL INSTITUTION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees who served during the year and up to the date of signature of the financial statements were:

Mr A C Swift

Dr N J Beeching (resigned October 2020)

Mr D G Machin (Chair)

Mrs D C Coward (resigned November 2020)

Mr O J Hall (resigned July 2020)

Dr N Butt (Honorary Secretary)

Dr S Ryan

Dr J M Curtis

Professor J Ashton

Dr N Carter (resigned July 2020)

Mr A Baird (Honorary Treasurer) (appointed January 2020)

Strategic Management Council

The Strategic Management Council (SMC), consisting of 11 members, is the prime organ of governance and administration within the Institution. The term of office of members of the SMC is as follows:

- Ordinary members: the term is four years initially, which period may be extended to a maximum of six years with the agreement of the Trustees.
- President elect: one year
- The President: the term is the term of office, one year, plus a further year.
- The Chair of Trustees: the term is four years initially, which period may be extended to a maximum of two terms, or eight years, with the agreement of the Trustees.

The management of the Institution keeps the major strategic, business and operational risks under review. Regular reports are produced and submitted to the SMC to enable the necessary procedures to be implemented to minimise any potential impact on the operations of the Institution should those risks materialise.

Appointment of Trustees

All elected full members of the SMC act as Trustees of the Institution.

Trustees Induction and Training

On election each newly appointed Trustee is sent a comprehensive induction pack containing details of the governance documents of the institution together with government guidance in respect of the responsibilities of a Charity Trustee. In addition, they are invited to the institution to receive a personal introduction to the organisation, its staff and premises.

Organisation

The SMC meets at least four times per year. The SMC may appoint and dissolve sub-committees with the exception of the Membership & Education Sub-Committee (MEC). The structure of the sub-committees is currently under review.

The Trustees have responsibility for setting the pay and remuneration of the charity's key personnel and this has historically been done on an annual basis, including a formal cost of living review. Salaries were last increased in 2017 and were due to have been reviewed in 2020 but the constraints of the pandemic have meant that the review is still pending. A comparison study of local salaries will be undertaken in the summer to inform discussions on appropriate pay levels.

Related Parties

The charity's wholly owned subsidiary LMI Trading Company Limited was established to operate the conferencing operations of the Institution. The company transfers the proceeds of its operations to the Institution using the Gift Aid facility.

LIVERPOOL MEDICAL INSTITUTION

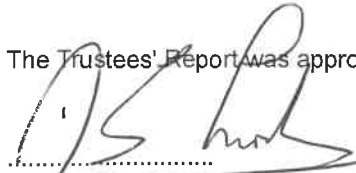
TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Risk Management

The LMI maintains a Risk Register detailing the major strategic, business and operational risks which the Institution faces. This is reviewed regularly at the SMC and, where necessary, procedures are implemented to minimise any potential impact on the operations of the Institution should those risks materialise.

The Trustees' Report was approved by the Board of Trustees.



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Mr D G Machin (Chair)

Trustee

Dated: 6/9/21

LIVERPOOL MEDICAL INSTITUTION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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 year.

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 operation.

The Trustees are responsible for keeping sufficient 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 trust deed. 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.

LIVERPOOL MEDICAL INSTITUTION

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF LIVERPOOL MEDICAL INSTITUTION

Opinion

We have audited the financial statements of Liverpool Medical Institution (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet 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 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 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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 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.

LIVERPOOL MEDICAL INSTITUTION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF LIVERPOOL MEDICAL INSTITUTION

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.

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 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 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.

LIVERPOOL MEDICAL INSTITUTION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF LIVERPOOL MEDICAL INSTITUTION

Capability of the audit in detecting irregularities, including fraud

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity. The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the entity and therefore may have a material effect on the financial statements include environmental regulations, health and safety legislation, trades description act and employment legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; reviewing post year end payments for evidence of claims pay outs and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

DSG Chartered Accountants

09/30/2021

DSG

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**Chartered Accountants
Statutory Auditor**

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

DSG 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.

LIVERPOOL MEDICAL INSTITUTION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

Current financial year

	Notes	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and legacies	2	159,440	-	-	159,440	5,576
Charitable activities	3	53,544	-	-	53,544	185,476
Investments	4	67,075	5,569	-	72,644	211,373
Other income	5	174,537	-	-	174,537	-
Total income		454,596	5,569	-	460,165	402,425
Expenditure on:						
Raising funds	6	12,109	-	3,022	15,131	15,963
Charitable activities	7	373,602	5,569	-	379,171	491,761
Total resources expended		385,711	5,569	3,022	394,302	507,724
Net gains/(losses) on investments	11	-	-	33,487	33,487	36,501
Net movement in funds		68,885	-	30,465	99,350	(68,798)
Fund balances at 1 January 2020		485,160	-	286,706	771,866	840,664
Fund balances at 31 December 2020		554,045	-	317,171	871,216	771,866

LIVERPOOL MEDICAL INSTITUTION

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Prior financial year

		Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total 2019 £
	Notes				
<u>Income and endowments from:</u>					
Donations and legacies	2	5,576	-	-	5,576
Charitable activities	3	185,476	-	-	185,476
Investments	4	205,399	5,974	-	211,373
Total income		396,451	5,974	-	402,425
<u>Expenditure on:</u>					
Raising funds	6	12,790	-	3,173	15,963
Charitable activities	7	485,787	5,974	-	491,761
Total resources expended		498,577	5,974	3,173	507,724
Net gains/(losses) on investments	11	-	-	36,501	36,501
Net movement in funds		(102,126)	-	33,328	(68,798)
Fund balances at 1 January 2019		587,286	-	253,378	840,664
Fund balances at 31 December 2019		485,160	-	286,706	771,866

LIVERPOOL MEDICAL INSTITUTION

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12	386,861		366,259	
Investments	14	346,602		331,113	
		<u>733,463</u>		<u>697,372</u>	
Current assets					
Stocks	16	429		613	
Debtors	17	12,123		27,828	
Cash at bank and in hand		191,788		118,665	
		<u>204,340</u>		<u>147,106</u>	
Creditors: amounts falling due within one year	18	(66,587)		(72,612)	
Net current assets			137,753		74,494
Total assets less current liabilities			<u>871,216</u>		<u>771,866</u>
Capital funds					
<u>Endowment funds - general</u>					
General endowment funds		317,171		286,706	
Expendable endowment	19		317,171		286,706
Income funds					
<u>Unrestricted funds</u>					
Designated funds	21	386,861		362,660	
General unrestricted funds		167,184		122,500	
		<u>554,045</u>		<u>485,160</u>	
			<u>871,216</u>		<u>771,866</u>

The financial statements were approved by the Trustees on 06/09/2021

Mr D G Machin (Chair)
Trustee

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Charity information

Liverpool Medical Institution was established as an Association in 1770 and incorporated under a Royal Charter dated 26 June 1964. It is registered as a Charity with the Charities Commission under the number 210112.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011 and "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) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

As part of assessing the potential impact of the ongoing COVID-19 virus situation management have prepared revised financial forecasts for the charity. These forecasts indicate that the charity will continue to generate cash over the period considered by them in their assessment of the appropriateness of adopting the going concern basis in the preparation of these financial statements. Management has also considered the impact of potential operational challenges posed by COVID-19, including but not restricted to, an assessment of the robustness of their supply chain and broader logistics arrangements. Management has concluded that any operational pressures caused directly by the COVID-19 situation are unlikely to have a material impact on the company. On this basis the trustees consider it appropriate to prepare these financial statements on a going concern basis.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income including donations and grants are recognised when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

Income from charitable activities includes membership fees received and grants receivable. Membership fees are recognised in the period in which the related services are provided. Grant income included in this category provides funding to the running of the library and education programmes and is recognised where there is entitlement, certainty of receipts and the amount can be measured with sufficient reliability.

1.5 Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, once there is a legal or constructive obligation to make a payment.

Costs of generating funds comprise those costs incurred in trading activities of the subsidiary undertaking and costs payable to investment managers for managing the investment portfolio.

Charitable activities include expenditure associated with the costs of running the library and the provision of educational programmes and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been allocated to activity cost categories in proportion to direct staff costs for each of the activities.

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The trustees consider the requirement to value the share of the property held for rental at market value to be impractical and involve undue cost for little benefit.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long term leasehold property	Over remaining lease period
Leasehold building improvements	4% straight line
Fixtures, fittings & equipment	25% straight line

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Heritage assets

The Institution holds a large historical collection of books and periodicals, in support of the Institution's objective to maintain the running of a library. The collection cannot be sold and must be held for the benefit of the Institution. The Trustees consider that owing to the incomparable nature of the collection of books, which dates back to the seventeenth century, conventional valuation approaches lack sufficient reliability and that, even if a valuation could be obtained, the cost would be onerous compared with the additional benefits derived by the Institution and users of the accounts. As a result, no value is reported for these assets in the Institution's balance sheet.

The annual purchase of books and periodicals is written off against income as incurred on the basis that these items have little intrinsic value, particularly in view of the increasing use of information technology and the internet to access educational material.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.12 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.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting 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 net income/(expenditure) for the year.

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 net income/(expenditure) for the year.

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.

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 operations 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.

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Derecognition of financial liabilities

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

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

2 Donations and legacies

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Donations and gifts	154,440	5,576
Coronavirus business support grant	5,000	-
	<u>159,440</u>	<u>5,576</u>
Donations and gifts		
Legacy from the estate of Dr Barry Enoch	150,000	-
Other	4,440	5,576
	<u>154,440</u>	<u>5,576</u>

3 Charitable activities

	Membership services 2020 £	Education programme 2020 £	Total 2020 £	Membership services 2019 £	Education programme 2019 £	Total 2019 £
Sales within charitable activities	<u>26,165</u>	<u>27,379</u>	<u>53,544</u>	<u>113,688</u>	<u>71,788</u>	<u>185,476</u>

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4 Investments

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
Rental income	12,880	-	12,880	29,332	-	29,332
Income from unlisted investments	-	5,569	5,569	-	5,974	5,974
Income from subsidiary	53,378	-	53,378	175,243	-	175,243
Interest receivable	817	-	817	824	-	824
	<u>67,075</u>	<u>5,569</u>	<u>72,644</u>	<u>205,399</u>	<u>5,974</u>	<u>211,373</u>

5 Other income

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Income from lease surrender	139,750	-
Coronavirus Job Retention Scheme	34,787	-
	<u>174,537</u>	<u>-</u>

6 Raising funds

	Unrestricted funds 2020 £	Endowment funds general 2020 £	Total 2020 £	Unrestricted funds 2019 £	Endowment funds general 2019 £	Total 2019 £
<u>Trading costs</u>						
Other trading activities	12,109	-	12,109	12,790	-	12,790
<u>Investment management</u>						
Investment management	-	3,022	3,022	-	3,173	3,173
	<u>12,109</u>	<u>3,022</u>	<u>15,131</u>	<u>12,790</u>	<u>3,173</u>	<u>15,963</u>

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Charitable activities

	Membership services 2020 £	Educational programme 2020 £	Total 2020 £	Membership services 2019 £	Educational programme 2019 £	Total 2019 £
Staff costs	46,578	109,029	155,607	41,369	111,066	152,435
Depreciation and impairment	12,058	39,790	51,848	15,100	39,790	54,890
Activities undertaken directly	131,370	12,392	143,762	235,078	21,323	256,401
	<u>190,006</u>	<u>161,211</u>	<u>351,217</u>	<u>291,547</u>	<u>172,179</u>	<u>463,726</u>
Share of support costs (see note 8)	7,586	16,118	23,704	7,518	15,975	23,493
Share of governance costs (see note 8)	4,250	-	4,250	4,542	-	4,542
	<u>201,842</u>	<u>177,329</u>	<u>379,171</u>	<u>303,607</u>	<u>188,154</u>	<u>491,761</u>
Analysis by fund						
Unrestricted funds	201,842	171,760	373,602	303,607	182,180	485,787
Restricted funds	-	5,569	5,569	-	5,974	5,974
	<u>201,842</u>	<u>177,329</u>	<u>379,171</u>	<u>303,607</u>	<u>188,154</u>	<u>491,761</u>

8 Support costs

	Support costs £	Governance costs £	2020 £	Support costs £	Governance costs £	2020 £
Staff costs	23,704	-	23,704	23,493	-	23,493
Audit fees	-	4,250	4,250	-	4,542	4,542
	<u>23,704</u>	<u>4,250</u>	<u>27,954</u>	<u>23,493</u>	<u>4,542</u>	<u>28,035</u>
Analysed between Charitable activities	<u>23,704</u>	<u>4,250</u>	<u>27,954</u>	<u>23,493</u>	<u>4,542</u>	<u>28,035</u>

Governance costs includes payments to the auditors of £4,250 (2019: £4,542) for audit fees.

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year (2019: £nil).

During the year, the trustees received a total of £nil (2019: £nil) in expenses from the charity.

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Library and other services	1	2
Administration	5	5
	<u>6</u>	<u>7</u>

Employment costs

	2020 £	2019 £
Wages and salaries	151,887	149,408
Social security costs	15,328	12,333
Other pension costs	12,096	14,187
	<u>179,311</u>	<u>175,928</u>

There were no employees whose annual remuneration was £60,000 or more.

Included within wages and salaries above are redundancy payments of £5,663 (2019: £nil).

11 Net gains/(losses) on investments

	Endowment funds general 2020 £	Endowment funds general 2019 £
Revaluation of investments	21,395	38,580
Gain/(loss) on sale of investments	12,092	(2,079)
	<u>33,487</u>	<u>36,501</u>

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

	Long term leasehold property £	Leasehold building improvements £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2020	144,079	1,163,396	101,545	1,409,020
Additions	-	72,250	200	72,450
At 31 December 2020	144,079	1,235,646	101,745	1,481,470
Depreciation and impairment				
At 1 January 2020	35,305	908,645	98,811	1,042,761
Depreciation charged in the year	1,455	47,459	2,934	51,848
At 31 December 2020	36,760	956,104	101,745	1,094,609
Carrying amount				
At 31 December 2020	107,319	279,542	-	386,861
At 31 December 2019	108,774	254,751	2,734	366,259

Leasehold property represents a property situated at 114 to 124 Mount Pleasant, Liverpool.

13 Heritage assets

The Institution holds a large historical collection of books and periodicals which date back to the seventeenth century. These were acquired over the period in which the Institution has been in existence.

There have been no acquisitions or disposals of heritage assets during the last 5 years. The collection cannot be sold and must be held for the benefit of the Institution.

Access to the collection is permitted in the same way as access to all books and periodicals held within the library.

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Fixed asset investments

	Listed investments £	Cash in portfolio £	Other investments £	Total £
Cost or valuation				
At 1 January 2020	327,822	3,290	1	331,113
Additions	85,578	-	-	85,578
Valuation changes	21,395	-	-	21,395
Movement in cash	-	7,411	-	7,411
Disposals	(98,895)	-	-	(98,895)
At 31 December 2020	335,900	10,701	1	346,602
Carrying amount				
At 31 December 2020	335,900	10,701	1	346,602
At 31 December 2019	327,822	3,290	1	331,113

	Notes	2020 £	2019 £
Other investments comprise:			
Investments in subsidiaries	24	1	1

15 Financial instruments	2020 £	2019 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	335,900	327,822

16 Stocks	2020 £	2019 £
Finished goods and goods for resale	429	613

17 Debtors	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,586	-
Amounts owed by subsidiary undertakings	-	10,450
Other debtors	1,092	-
Prepayments and accrued income	9,445	17,378
	12,123	27,828

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other taxation and social security	6,970	13,532
Trade creditors	1,462	1,416
Amounts owed to subsidiary undertakings	3,547	-
Other creditors	1,558	2,658
Accruals and deferred income	53,050	55,006
	<u>66,587</u>	<u>72,612</u>

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Endowment funds

The income funds of the charity include endowment funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2019	Movement in funds			Balance at 1 January 2020	Movement in funds			Balance at 31 December 2020
		Revaluations	Resources expended	Transfers		Revaluations	Resources expended	Transfers	
	£	£	£	£	£	£	£	£	£
Expendable endowments									
Endowment fund	253,378	36,501	(3,173)	-	286,706	33,487	(3,022)	-	317,171
	<u>253,378</u>	<u>36,501</u>	<u>(3,173)</u>	<u>-</u>	<u>286,706</u>	<u>33,487</u>	<u>(3,022)</u>	<u>-</u>	<u>317,171</u>

The Endowment Funds represent capital amounts donated from which income is generated for the provision and maintenance of the library and contents. The funds are consolidated into an investment portfolio and the fund is charged with the cost of management of the portfolio and any realised and unrealised gains or losses. The income arising is restricted and is used for the purchase of books and periodicals and the maintenance of the library.

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			Balance at 31 December 2020
	Balance at 1 January 2019	Incoming resources	Resources expended	Balance at 1 January 2020	Incoming resources	Resources expended	
	£	£	£	£	£	£	£
Running of the library	-	5,974	(5,974)	-	5,569	(5,569)	-
	-	5,974	(5,974)	-	5,569	(5,569)	-

Running of the library fund - set up specifically for funds raised for use in the library including books, journals and other associated costs of running the library facility.

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 January 2019 £	Movement in funds			Balance at 1 January 2020 £	Movement in funds			Balance at 31 December 2020 £
		Incoming resources £	Resources expended £			Incoming resources £	Resources expended £	Transfers £	
Tangible Fixed Asset Fund	417,550	-	(54,890)		362,660	-	(51,848)	76,049	386,861
	417,550	-	(54,890)		362,660	-	(51,848)	76,049	386,861

Tangible Fixed Asset Fund - In order to accurately show the reserves tied up in fixed assets held by the charity, a designated tangible fixed asset fund has been created. The fund reflects the net book value of the tangible fixed assets used operationally by the charity.

LIVERPOOL MEDICAL INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

22 Analysis of net assets between funds

	Unrestricted funds	Endowment funds	Total Unrestricted funds	Endowment funds	Total
	2020	2020	2020	2019	2019
	£	£	£	£	£
Fund balances at 31 December 2020 are represented by:					
Tangible assets	386,861	-	386,861	366,259	366,259
Investments	29,431	317,171	346,602	44,407	331,113
Current assets/ (liabilities)	137,753	-	137,753	74,494	74,494
	<u>554,045</u>	<u>317,171</u>	<u>871,216</u>	<u>485,160</u>	<u>771,866</u>

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020	2019
	£	£
Aggregate compensation	<u>84,233</u>	<u>95,938</u>

The charity has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

24 Subsidiaries

Details of the charity's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held
				Direct Indirect
LMI Trading Company Limited	England and Wales	Recreational services	Ordinary	100.00

During the year the turnover of LMI Trading Company Limited was £53,507 (2019: £175,343) and expenditure incurred was £129 (2019: £100) resulting in a profit of £53,378 (2019: £175,243). All of the profit was distributed up to the charity in the period.