

**Royal Society for the Prevention of Cruelty to
Animals**

Liverpool Branch

**TRUSTEES' ANNUAL REPORT AND
ACCOUNTS FOR 2020**

Registered Charity Number 232254

**ROYAL SOCIETY FOR THE PREVENTION OF
CRUELTY TO ANIMALS LIVERPOOL BRANCH**

Year ended 31st December 2020

PATRONS:

Sir James Sharples, Q.P.M.

PRESIDENT:

The Lord Mayor of Liverpool

VICE-PRESIDENTS:

The Mayor of the Metropolitan Borough of Knowsley

The Mayor of the Metropolitan Borough of Sefton

A LITTLE HISTORY

“The Liverpool Society For Preventing Wanton Cruelty To Brute Animals” was formed by a group of people who got together in the Crown & Anchor Coffee House in Bold Street Liverpool at 7pm on the 25th October 1809. Thus came into being the first animal welfare society in the world. 1809 was the jubilee year of H.M. George III and 25th October was jubilee day. England was at war with France and Napoleon had banned trade between the conquered continental countries and England.

Reports of the Society’s work appeared regularly in “Billings Liverpool Advertiser and Marine Intelligence”. These reports were ill received by certain hauliers and carters who could see that their sick and infirm animals might be prevented from working. This resulted in members of the Society being waylaid after their meetings and in consequence meetings had to be held in secret.

In succession, RSPCA LIVERPOOL BRANCH was established in 1841.

**Royal Society for the Prevention of Cruelty to Animals
Liverpool Branch**

INDEX

2	INDEX
3-7	TRUSTEES' REPORT
7	STATEMENT OF TRUSTEES' RESPONSIBILITIES
8	INDEPENDENT EXAMINER'S REPORT
9	STATEMENT OF FINANCIAL LIABILITIES
10	BALANCE SHEET
11-23	NOTES TO THE FINANCIAL STATEMENTS

**ROYAL SOCIETY FOR THE PREVENTION OF
CRUELTY TO ANIMALS LIVERPOOL BRANCH**

Year ended 31st December 2020

TRUSTEES' REPORT

Registered Charity No. 232254

Principal Office:

2nd Floor, Unity Building, 20 Chapel Street, Liverpool L3 9AG

Phone: 0151 705 9090

The Governing Documents and Constitution:

RSPCA Branch Model Rules revised September 2006 and the Charity Commission Scheme 30th April 1971. The Charity is constituted as an unincorporated association.

BRANCH COMMITTEE

Officers:

Chairman: Mrs F. LYE

Hon. Treasurer: Mrs E BAXTER

Hon. Secretary: Mrs C. MALTON

Members:

Ms G. LYE

Ms L. FARRAR

Mrs I. GARNIER

Ms A. HOGG (Resigned 28th May 2020)

Ms N. McQUAID (Co-opted 5th October 2020)

Appointment of Trustees:

Trustees are elected from Branch members at every Annual General Meeting to carry on the work for the ensuing year. The members of the Committee shall consist of no less than seven or more than fourteen elected members. The elected Committee can co-opt not more than three persons who shall be members of the Branch Committee until the next Annual General Meeting and who are eligible to be appointed as officers of the Branch.

Branch Secretary & Administrator:

Mr J.P. SMALLWOOD, DMA, ACIS, FRSA

Bankers:

HSBC BANK plc

99-101 Lord Street, Liverpool L2 6PG

Reporting Accountants:

MOORE (NW) LLP
110-114 Duke Street, Liverpool L1 5AG
(0151 703 1080)

Investment Managers:

RATHBONE INVESTMENT MANAGEMENT LTD
Port of Liverpool Building, Pier Head, Liverpool L3 1NW
(0151 236 6666)

TRUSTEES ANNUAL REPORT

Year ended 31st December 2020

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

LEGAL STATUS

The charity is constituted as an unincorporated association, its registered charity number being 232254. The principal office is now at 2nd Floor, Unity Building, 20 Chapel Street, Liverpool, L3 9AG.

Trustees are elected from Branch members at every Annual General Meeting to carry on the work for the ensuing year. The members of the Committee shall consist of no less than seven or more than fourteen elected members. The elected Committee can co-opt not more than three persons who shall be members of the Branch Committee until the next Annual General Meeting and who are eligible to be appointed as officers of the Branch. All Trustees are briefed on their responsibilities as Trustees prior to their acceptance of the role.

The Branch currently has 7 Trustees.

The RSPCA Liverpool Branch is a separate Charity (No. 232254) from the National Society but is subject to and operates under the Rules for the National Society and the Rules for Branches as updated in 2006.

OBJECTIVES, FUNCTIONS AND PUBLIC BENEFIT STATEMENT

The object of the charity is to prevent cruelty and to promote kindness to animals within the Liverpool and Merseyside area as defined by the Society.

The Trustees have reviewed the outcomes and achievements of our objectives and activities for the year to ensure they remain focused on our charitable aims and continue to deliver benefits to the public. We have complied with the duty under the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

ORGANISATION

The Branch operates as an autonomous Branch of the RSPCA subject to its rules for Branches. The Branch is governed by a Committee elected at the AGM who are Trustees of the Branch. The Committee is responsible for the management, financial affairs and animal welfare activities conducted by the Branch.

The Committee employs a Secretary/Administrator and a bookkeeper.

The Committee meets 6 times a year to consider financial reports, animal statistics and to take significant policy or financial decisions on behalf of the Branch.

KNOWSLEY LOCAL PLAN AND THE SALE OF THE SITE

The saga of the Knowsley development plan continued during 2020 with Knowsley Council embarking on a consultation exercise with local residents about the development of the large site known as East of Halewood which includes the Halewood Animal Centre. The

results of that consultation exercise were still being evaluated at the end of the year with the council unable to consider any individual planning application from developers.

During this period the Branch agreed a net sale price with Miller Homes Ltd who were the preferred developer. The final net price could not be agreed until the planning consent was given which would indicate the amount of open space required and the land to be retained surrounding the grave of Blackie the warhorse. In addition the council had still to determine the level of the roof tax to be levied on the development which again would reduce the net sale price. Other factors affecting the final price were the costs of abnormal works required to develop the site where negotiations are to be held once planning consent was gained. In particular the developers proposed a very large sum to be deducted for surface water attenuation over which the Branch had engaged cost consultants.

The Local Plan exercise dragged on interminably and, at the end of the year, although contracts had been exchanged with Miller Homes, the final sale price had not been agreed and completion was not likely to take place until 2021.

FINANCIAL REVIEW

Income for 2020 rose from £161,882 in 2019 to £209,596. This can largely be accounted for by the increase in legacy income from £60,634 in 2019 to £177,376 in 2020, the decrease in boarding fees charges from £60,226 in 2019 to £0 in 2020 and the decrease in donations from £36,318 in 2019 to £31,017 in 2020. The decrease in Boarding Charges arose because the Branch closed its Animal Centre on 31st May 2019. Since 2002 the Branch has received, on average, £243,000 per annum from legacies and this drop has had a major impact on the Branch.

Expenditure fell to £155,870 compared with £410,882 in 2019 again largely due to the Animal Centre closing on 31st May 2019.

RELATED PARTY TRANSACTIONS

There were no related party transactions in 2020 and no Trustee received any remuneration or expenses.

RISK ANALYSIS

In previous years the trustees had identified several factors which would pose a risk to the Branch. With the decision taken to close the centre and cease operating in 2019 the main risk was for insufficient trustees to be recruited to continue the Branch work. The other risk identified previously was the loss of legacy income which had continued at a very low level compared with previous years. The trustees were satisfied that there were sufficiently robust procedures in place together with the employment of suitably qualified and experienced staff to minimise the risk error or fraud.

RESERVES POLICY

In view of the current financial position, the Branch is not in a position to formulate a reserves policy. Free reserves stood at (£971,039) at the year-end.

As previously mentioned because of the lack of legacy income the Branch had to liquidate its Investments during the course of 2015.

INVESTMENT POLICY

The Branch portfolio was managed by Rathbones Investment Management on a discretionary basis. Its value at 31st December 2019 was £50,446 and 31st December 2020 was £50,449.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Charities Act 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 at the end of the year and of the surplus or deficiency for the year then ended. In preparing these financial statements, the Trustees are required to select suitable accounting policies, as described on pages 11 to 13 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records 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. The Trustees 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.

GOING CONCERN

These financial statements have been prepared on the going concern basis. Up to 31st December 2020 the National Society had loaned the sum of £1,026,176 to the Branch and will consider further support when necessary. Following the year end the Branch's land and buildings were sold for £5,000,000 and the loan from the National Society was repaid in full in June 2021.

Approved by the Committee on 17th September 2021

Mrs F. Lye

Mrs E. Baxter

TRUSTEES

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

YEAR ENDED 31 DECEMBER 2020

I report on the accounts of the Royal Society for the Prevention of Cruelty to Animals, Liverpool Branch for the year ended 31 December 2020, which are set out on pages 9 to 23.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act
- to follow the procedures laid down in the general Directions given by the commission under section 145(5)(b) of the 2011 Act
- to state whether particular matters have come to my attention

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the next statement.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 130 of the 2011 Act and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act

have not been met

(2) In my opinion, attention should be drawn to the following matter in order to enable a proper understanding of the accounts to be reached:

Royal Society for the Prevention of Cruelty to Animals, Liverpool Branch has been experiencing cash flow difficulties and is dependent upon the continuing financial support given by the National Society. The trustees consider the charity is a going concern subject to the continued support of the National Society as explained in note 1 under Going Concern in the accounts.

No other matter has come to my attention in connection with my examination to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Keith Miller

22nd September 2021

Chartered Accountant

**Moore (NW) LLP
110-114 Duke Street
Liverpool
L1 5AG**

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
INCOME AND ENDOWMENTS					
Donations	2	31,017	-	31,017	36,318
Legacies	3	177,376	-	177,376	60,634
		<u>208,393</u>	<u>-</u>	<u>208,393</u>	<u>96,952</u>
Other Trading Activities					
Sales, Events and Promotions		1,070	-	1,070	2,619
		<u>1,070</u>	<u>-</u>	<u>1,070</u>	<u>2,619</u>
Income from Investments					
Investment income	4	3	-	3	-
		<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
Income from Charitable Activities					
Fees charged		0	-	0	60,226
		<u>0</u>	<u>-</u>	<u>0</u>	<u>60,226</u>
Other Income					
Other income		130	-	130	2,085
Grants Received		-	-	-	-
		<u>130</u>	<u>-</u>	<u>130</u>	<u>2,085</u>
TOTAL INCOME AND ENDOWMENTS		<u>209,596</u>	<u>-</u>	<u>209,596</u>	<u>161,882</u>
EXPENDITURE					
Raising Funds					
Investment Management Costs		-	-	-	-
Charitable Activities	5	109,038	14,850	123,888	342,249
Governance Costs	6	31,982	-	31,982	68,633
TOTAL EXPENDITURE	7	<u>141,020</u>	<u>14,850</u>	<u>155,870</u>	<u>410,882</u>
Net (losses)/gains on investment assets		-	-	-	-
NET INCOME/(EXPENDITURE)		68,576	(14,850)	53,726	(249,000)
OTHER RECOGNISED GAINS AND LOSSES					
Net movement in funds relating to the year		68,576	(14,850)	53,726	(249,000)
Reconciliation of Funds					
Total Funds brought forward		(352,508)	358,956	6,448	255,448
Total Funds carried forward		<u>(283,932)</u>	<u>344,106</u>	<u>60,174</u>	<u>6,448</u>

The notes on pages 11 to 23 form part of these accounts

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

BALANCE SHEET

31 DECEMBER 2020

	Note	£	2020 £	£	2019 £
FIXED ASSETS					
Tangible assets	9		980,764		1,010,210
Investments	10		50,449		50,446
			<u>1,031,213</u>		<u>1,060,656</u>
CURRENT ASSETS					
Debtors	12	14,910		44,828	
Cash at bank		<u>219,495</u>		<u>122,661</u>	
		234,405		167,489	
CREDITORS: Amounts falling due within one year	13	<u>(1,054,444)</u>		<u>(1,052,697)</u>	
NET CURRENT LIABILITIES			(820,039)		(885,208)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>211,174</u>		<u>175,448</u>
PROVISION FOR LIABILITIES					
Pension Deficit	14		(151,000)		(169,000)
NET ASSETS			<u>60,174</u>		<u>6,448</u>
FUNDS					
Unrestricted	16		(283,932)		(352,508)
Restricted	17		<u>344,106</u>		<u>358,956</u>
TOTAL FUNDS			<u>60,174</u>		<u>6,448</u>

These financial statements were approved and signed by the members of the committee on 17th September 2021

Mrs F. Lye

Mrs E. Baxter

The notes on pages 11 to 23 form part of these accounts

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

Legal Status

The charity is a public benefit entity and is constituted as an unincorporated association, its registered charity number being 232254.

Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2015) and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)". They are prepared on the historical cost basis, except for investments which have been included at fair value.

Before 2015 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS102, as issued by the Financial Reporting Council and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" and referred to as "previous UK GAAP". The financial effects of the transition to FRS102 are set out in note 18 below.

Going Concern

These financial statements have been prepared on the going concern basis. The Branch has been experiencing cash flow difficulties and was dependent upon the continuing financial support given by the National Society. Up to 31st December 2020 the National Society had loaned the sum of £1,026,176 to the Branch. Following the year end the Branch completed the sale of its Land and Buildings for a total sum of £5,000,000. £3,750,000 of this was received by the Branch on 9th April 2021 and the remaining balance of £1,250,000 is receivable twelve months after the first instalment. The Branch has a charge on the land to secure the second instalment. This means that the Branch is no longer dependent on the support given by the National Society and repaid this loan in full in June 2021.

Legacies, donations, voluntary income and fees charged

Cash donations, gifts and fees charged are included in full in the Statement of Financial Activities as they become receivable. Fees charged are monies invoiced to the RSPCA National Society for the accommodation of cruelty case dogs. Legacies are included in the Statement of Financial Activities when the monetary value of the Legacy is known and confirmation has been received that the legacy is due.

Grants

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Investments

Fixed asset investments are disclosed in the financial statements at market value. Unrealised gains or losses on investments are provided for in the Statement of Financial Activities.

Share Disposals

Realised gains/losses on the sale of shares are calculated by deducting the cost of investments from the net proceeds received. Unrealised gains/losses represent the movement during the year of the market value of listed investments, net of any unrealised gains/losses becoming realised on disposal of investments during the year.

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

Taxation

The society is a registered charity and is therefore not liable to corporation tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Buildings	- 2% on cost
Fixtures and Fittings	- 20% reducing balance method
Motor Vehicles	- 25% reducing balance method

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Governance activity

Staff costs and accommodation costs of the branch office, 2nd Floor, Unity Building, 20 Chapel Street, Liverpool L3 9AG), are apportioned between Governance costs and Charitable activity costs in the ratio of 2:3. This is based on the level of staff time attributable to the two functions. Due to the nature of the management function it is not possible to split costs between Governance Activity and Support Costs.

Pension costs

The charity operated a multi-employer defined benefit scheme. The assets of the scheme are held separately from those of the charity. The contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

The charity also operates a stakeholder pension scheme for auto enrolment purposes.

Financial Instruments

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

Financial instruments are recognised in the balance sheet when the Branch 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 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.

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 receipts discounted at a market rate of interest. Financial liabilities are classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest 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 Branch's contractual obligations expire or are discharged or cancelled.

2. DONATIONS

	Total Funds 2020 £	Total Funds 2018 £
Subscriptions, donations and collections	<u>31,017</u>	<u>36,318</u>

3. LEGACIES

	Total Funds 2020 £	Total Funds 2019 £
Legacies	<u>177,376</u>	<u>60,634</u>

4. INVESTMENT INCOME

	Value 2020 £	Value 2019 £	Income 2020 £	Income 2019 £
UK quoted and foreign investments	-	-	-	-
UK portfolio cash	<u>50,449</u>	<u>50,446</u>	<u>3</u>	<u>-</u>
	<u>50,449</u>	<u>50,446</u>	<u>3</u>	<u>-</u>

5. CHARITABLE ACTIVITIES

	Unrestricted Funds 2020	Restricted Funds 2020	Total Funds 2020 £	Total Funds 2019 £
Provision of charitable services:				
Branch Office	28,165	-	28,165	79,183
Halewood Animal Home	<u>80,873</u>	<u>14,850</u>	<u>95,723</u>	<u>263,066</u>
	<u>109,038</u>	<u>14,850</u>	<u>123,888</u>	<u>342,249</u>

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

5. CHARITABLE ACTIVITIES *(continued)*

Analysis of provision of charitable services:

	Branch £	Halewood £	Total 2020 £	Total 2019 £
Unrestricted Funds				
Wages	17,552	18,570	36,122	216,231
Rent	8,214	-	8,214	10,080
Rates and insurance	-	30,751	30,751	20,832
Light and heat	-	2,383	2,383	9,840
Printing, stationery and telephone	1,379	1,654	3,033	4,331
Repairs – equipment	-	-	-	6,698
Repairs – Buildings	-	-	-	9,539
Motor expenses	-	1,213	1,213	2,885
Food	-	-	-	713
Vets and drugs	-	1,171	1,171	3,938
Neutering	-	(100)	(100)	320
Professional fees	1,020	5,750	6,770	2,604
Sundry	-	387	387	1,019
Cleaning	-	106	106	13,499
Depreciation – Net	-	14,500	14,500	14,268
(Profit on disposal of fixed assets	-	(205)	(205)	-
Finance cost	-	2,000	2,000	5,000
Loan Interest	-	2,693	2,693	5,602
	<u>28,165</u>	<u>80,873</u>	<u>109,038</u>	<u>327,399</u>
Restricted Funds				
Depreciation	-	14,850	14,850	14,850
Total Funds	<u>28,165</u>	<u>95,723</u>	<u>123,888</u>	<u>342,249</u>

6. GOVERNANCE COSTS

	Total Funds 2020 £	Total Funds 2019 £
Salaries	11,701	36,814
Rent	5,476	6,720
Rates and insurance	-	483
Light and heat	-	804
Repairs & renewals – equipment	-	176
Repairs & renewals – buildings	-	5,400
Printing, stationery and phone	920	1,491
Independent Examination Fee	3,100	3,100
Motor and travelling	126	288
Computer costs	3,978	4,271
Quota parent society	110	110
Bank interest and charges	129	826
General expenses	6,345	8,029
Depreciation	97	121
	<u>31,982</u>	<u>68,633</u>

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

7. TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other costs £	Total Funds 2020 £	Total Funds 2019 £
Cost of generating funds	-	-	-	-	-
Charitable activity	36,122	29,145	58,621	123,888	342,249
Governance activity	11,701	97	20,184	31,982	68,633
	<u>47,823</u>	<u>29,242</u>	<u>78,805</u>	<u>155,870</u>	<u>410,882</u>

The aggregate payroll costs were:

	2020 £	2019 £
Wages and salaries	38,732	332,643
Social security costs	1,167	15,642
Other pension costs	7,924	(95,240)
	<u>47,823</u>	<u>253,045</u>

Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:

	2020 No.	2019 No.
Branch	2	2
Halewood	1	8
	<u>3</u>	<u>10</u>

No employee earned £60,000 per annum or more. No trustee received any remuneration or expenses.

	2020 £	2019 £
Other costs:		
Premises	46,823	58,298
Legal and professional	9,870	5,704
Finance costs re pension scheme	2,000	5,000
Restricted Funds	-	-
Other	20,112	59,596
	<u>78,805</u>	<u>128,598</u>

8. NET INCOMING/(OUTGOING) RESOURCES

Net movement in funds is stated after charging/(crediting):

	2020 £	2019 £
Staff pension contributions	7,924	(95,240)
Depreciation	29,242	29,239
Independent Examiners remuneration - as independent examiner	3,100	3,100

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

9. TANGIBLE FIXED ASSETS

	Freehold property £	Equipment £	Motor vehicles	Total £
COST				
At 1 January 2020	1,407,526	71,862	12,210	1,491,598
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2020	<u>1,407,526</u>	<u>71,862</u>	<u>12,210</u>	<u>1,491,598</u>
DEPRECIATION				
At 1 January 2020	406,190	64,211	10,987	481,388
Charge for the year	27,610	1,530	306	29,446
On disposals	-	-	-	-
At 31 December 2020	<u>433,800</u>	<u>65,741</u>	<u>11,293</u>	<u>510,834</u>
NET BOOK VALUE				
At 31 December 2020	<u>973,726</u>	<u>6,121</u>	<u>917</u>	<u>980,764</u>
At 31 December 2019	<u>1,001,336</u>	<u>7,651</u>	<u>1,223</u>	<u>1,010,210</u>

All of the tangible fixed assets included above are for use by the charity.

10. INVESTMENTS

Movement in market value

	2020 £	2019 £
Market value at 1 January 2020	50,446	50,446
Acquisitions at cost	-	-
Disposals at opening book value	-	-
Net (losses)/gains on revaluations in the year ended 31 December 2019	3	-
Market value at 31 December 2020	<u>50,449</u>	<u>50,446</u>
Historical cost at 31 December 2020	<u>50,449</u>	<u>50,446</u>

Analysis of investments at 31 December 2020 between funds

	Total Funds 2020 £	Total Funds 2019 £
Listed investments		
UK quoted shares	-	-
Foreign Investments	-	-
Other		
UK cash held as part of portfolio	50,449	50,446
	<u>50,449</u>	<u>50,446</u>

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

10. INVESTMENTS *(continued)*

	£ Unrestricted Fund
Quoted investments	
Fixed interest	-
Ordinary shares	-
Cash	50,449
	<u>50,449</u>

11. RELATED PARTY TRANSACTIONS

There were no transactions with the trustees during the year under review.

12. DEBTORS

	2020 £	2019 £
Fees receivable	-	-
Other debtors	3,235	3,435
Prepayments and accrued income	11,675	41,393
	<u>14,910</u>	<u>44,828</u>

13. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	17,640	6,672
Other creditors	1,242	1,158
Emergency loan from Headquarters	1,026,176	1,026,176
Accruals and deferred income	9,386	18,691
	<u>1,054,444</u>	<u>1,052,697</u>

Emergency Loan

The loan from Headquarters in the sum of £1,026,176 represents sums advanced to the Branch to support the Branch during its present cash flow difficulties. The Loan is secured against the freehold property of the Branch and interest is paid on the amount outstanding to Headquarters. The loan has been repaid post year end.

Deferred Income

At the year end deferred income totalled £0 (2019 £0) which related to boarding fees invoiced in advance for the first month of the following accounting period.

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

14. PENSIONS

The RSPCA, Liverpool Branch participates in the Scottish Voluntary Sector Pension Scheme (the Scheme). The Scheme is a multi-employer defined benefit (DB) pension scheme. The Scheme is funded and was contracted out of the state scheme until 31st March 2010, when the scheme was closed to future accrual.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 30 September 2007. From October 2007 there were two benefit structures available, these were final salary with a 1/60th accrual rate and final salary with a 1/80th accrual rate, until the date of the Scheme closure on 31st March 2010.

The scheme closed to future accrual on 31st March 2010. There is currently no intention to wind-up the Scottish Voluntary Sector Pension Scheme and it continues in paid-up form.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable as adjusted for the present value of future payments to fund the scheme deficit.

A formal full actuarial valuation of the Scheme was performed as at 30 September 2017, by a professionally qualified actuary. This actuarial valuation was certified on 19th December 2018 and showed that the market value of the Scheme's assets as at the 30th September 2017 was £120.0 million. The Scheme liabilities at that date amounted to £145.9 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £25.9 million.

The financial assumptions underlying the valuation as at 30 September 2017 were as follows:

	% pa
- Pre retirement discount rate	Gilt curve plus 1.30%
- Post retirement discount rate	Gilt curve plus 0.45%
- Inflation (RPI growth)	RPI inflation curve
- Inflation (CPI growth)	RPI less 0.90%
- Earnings growth	RPI
- Return on assets over deficit recovery period	2.80%
- Revaluation up to retirement	RPI
- Pension increases in payment	In line with inflation assumptions with relevant caps and collars and adjusted in line with statistical distribution for increases in payment. The model used is the Black-Scholes Model with 1.75% pa volatility

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

14. PENSIONS (Continued)

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

From 1 April 2019 a new recovery plan came into effect, following the finalisation of the 2017 valuation. If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the entire funding shortfall by 30 September 2026.

A copy of the recovery plan must be sent to The Pensions Regulator after each valuation is finalised. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue Scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence have impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).

The recovery plan from the 2017 valuation has been submitted to The Pensions Regulator.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer becoming insolvent or ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The RSPCA, Liverpool Branch has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2019. As of this date the estimated employer debt for the RSPCA, Liverpool Branch was £1,016,749.

The RSPCA Liverpool Branch participates in the scheme, a multi-employer scheme which provides benefits to some 102 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the charity to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

14. PENSIONS (Continued)

The scheme is classified as a 'last-man standing arrangement'. Therefore the charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

To eliminate the funding shortfall revealed by the 2017 Actuarial Valuation, the Trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows

Deficit contributions

From 1 April 2019 to 30 September 2026:	£1,404,638 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2019 to 30 September 2027:	£136,701 per annum (payable monthly and increasing by 3% each on 1st April)

The contributions to 30 September 2027 are in respect of those employers that have agreed concessions (both past and present) with the Trustee.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the charity has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

14. PENSIONS (Continued)

Present value of provision

	2020 (£000s)	2019 (£000s)
Present value of provision	151	169

Reconciliation of opening and closing provisions

	2020 (£000s)	2019 (£000s)
Provision at start of period	169	289
Unwinding of the discount factor (interest expense)	2	5
Deficit contribution paid	(24)	(24)
Remeasurements – impact of any change in assumptions	4	4
Remeasurements – amendments to the contribution schedule	-	(105)
Provision at end of period	151	169

Income and expenditure impact

	2019 (£000s)	2018 (£000s)
Interest expense	2	5
Remeasurements – impact of any change in assumptions	4	4
Remeasurements – amendments to the contribution schedule	-	(105)
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	6	(96)

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	2020 % per annum	2019 % per annum
Rate of discount	0.36	1.20

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the charity had annual commitments under non-cancellable operating leases as set out below.

	2020		2019	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	-	12,155	-
Within 2 to 5 years	-	-	-	-
After more than 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>12,155</u>	<u>-</u>

During the year operating lease expenditure totalled £13,260 (2019 - £16,200).

16. ANALYSIS OF NET ASSETS IN UNRESTRICTED FUNDS

	Tangible fixed assets £	Other net liabilities £	Total £
Unrestricted funds	<u>687,107</u>	<u>(971,039)</u>	<u>(283,932)</u>

17. ANALYSIS OF NET ASSETS IN RESTRICTED FUNDS

	Tangible fixed assets £	Other net liabilities £	Total £
Restricted funds	<u>344,106</u>	<u>-</u>	<u>344,106</u>

This Restricted Fund represents grants made by RSPCA Headquarters in Horsham totalling £463,125, and an amount of £40,000 from Support Adoption for Pets, towards the re-development of the facilities at Halewood Animal Centre, less amounts subsequently written off.

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, LIVERPOOL BRANCH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

18. FINANCIAL INSTRUMENTS

	2020 £	2019 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,235	3,435
Equity instruments measured at cost less impairment	50,449	50,446
	<hr/>	<hr/>
Carrying amount of financial liabilities		
Measured at amortised cost	1,045,058	1,034,006
	<hr/>	<hr/>