

Charity Registration No. 1065021

Company Registration No. 03389496 (England and Wales)

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE**  
**COMPANY LIMITED BY GUARANTEE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**



# MERSEYSIDE SOCIETY FOR DEAF PEOPLE

## COMPANY LIMITED BY GUARANTEE

### LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mr Barry Avison Mr Robert Davies Cllr Louise Reecejones Mr Andrew McLoughlin Ms Sandra Scott Rev Hannah Lewis Mrs Catherine Hare-Cockburn	(Appointed 16 March 2017) (Appointed 16 March 2017) (Appointed 17 May 2017) (Appointed 22 June 2017)
<b>Chief Executive</b>	Mr Chris Murphy	
<b>Charity number</b>	1065021	
<b>Company number</b>	03389496	
<b>Registered office</b>	Queens Drive Retail Park West Derby Liverpool L13 0DJ	
<b>Auditor</b>	BWM Castle Chambers 43 Castle Street Liverpool L2 9SH	
<b>Bankers</b>	Barclays Bank plc 394 Edge Lane Liverpool L7 9PX	
<b>Solicitors</b>	Excello Law One Derby Square Liverpool L2 9XX  Hogan Brown Union Court Cook Street Liverpool L2 4SJ	

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# **MERSEYSIDE SOCIETY FOR DEAF PEOPLE**

## **COMPANY LIMITED BY GUARANTEE**

### **CHAIR'S REPORT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2017***

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It is my pleasure to have been the Chair during 2016/17, it has proved to have been a very successful year for Merseyside Society for Deaf People as a charity. We have continued to provide all the services throughout this year such as social care, supporting people services on behalf of Liverpool, Sefton and Wirral Councils, together with environmental aids equipment services which is vital in helping Deaf, Deaf Blind, Hard of Hearing and Deafened people retain an independent life and prevent social isolation.

We have continued as a charity and alongside the community we serve to work against the challenges of reductions in funding in the third sector owing to public sector cuts and increased client demand as a result of changes to services.

We continue to work hard to meet and far exceed the expectations of the funders, beneficiaries and clients and we intend to work hard to secure further financial stability through securing new sensory services contracts with the Liverpool City Region which includes the following Local Authorities: Liverpool, Sefton, Knowsley, St Helens, Wirral and Halton Councils.

This year we worked hard through very difficult times to secure the new building, and deliver on the promise we made to the Deaf community of Merseyside. We promised we as a board would do everything possible to save their charity, I am very proud of the Board and also the new Chief Executive. Together we went a step further and have delivered a beautiful building with a fully working community room. Our building has fully functioning offices and training rooms completed to a high standard.

Merseyside Society for Deaf People is successful owing to the hard work and dedication of the Board of Trustees, the Chief Executive and his full staff team including the increasing volunteers who are always keen to get involved.

I want to say a huge thank you to all our staff, they have worked tirelessly for the past few years in very uncertain times. They have all put 100% in to their jobs and supported our community members who have needed extra help and support.

I want to also recognize the commitment from our interpreters, without their professional approach and their full dedication to the community many people would not have the support they are entitled to. I also recognise that moving forward there are huge issues with our interpreters rights being stripped and local contracts being given to providers ill-equipped to deal with the requirements needed to deliver such a specialist, highly skilled vocation. I want to ensure us as a charity stand together with our community and interpreters to ensure High quality British Sign Language is delivered across all services, including the NHS. Our community has rights and as a charity we will work to ensure those rights are not watered down due to funding.

I would also like to thank all the Local Authorities and businesses for all their support. A special thank you to staff, volunteers and members of the public for their donations and legacies and fund raising throughout the year. I would also like a special thank you to the new Chief Executive who has joined the charity with passion and drive. Chris has led the change head on and with his connections has worked hard to raise the profile of the charity across Merseyside.

Our key focus is always the Deaf, Deaf Blind, Hard of Hearing and Deafened clients throughout the Merseyside Area.

I would finally like to pay tribute to all members of our community who have passed away during the year, losing a valued member can leave a huge gap. Our community stands together to make a difference, I am proud to be elected as your Chair and I hope the next twelve months continues as the last twelve months has.

**Cllr Louise Reecejones**  
**Chair of Trustees**

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
CHIEF EXECUTIVE'S REPORT  
*FOR THE YEAR ENDED 30 SEPTEMBER 2017***

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Hello. My name is Chris Murphy; I became chief executive of Merseyside Society for Deaf People almost exactly one year ago.

When I arrived, we had debts, uncertainty about whether we would indeed manage to keep our new building, anxiety within the staff, mistrust and generally, the service was in a pretty poor position.

We have made giant strides in 2017 and now sit proudly in our new building and, we are slowly becoming financially stable.

Morale within the staff is at an all-time high and we are gaining a lot of momentum in the business community.

We are now in a position to dream about expansion of services. We are planning to explore children's services, a Saturday club for young people, even the possibility of increasing our staffing levels to accommodate.

Generally, we are reasonably happy with the progress the organisation has enjoyed over the last twelve months but are also acutely aware that we have a long way to go and remain focussed on both our current situation as well as our predicted one.

I'd like to personally thank our board of trustees for all their support and guidance during my first twelve months and hope for more success in the future.

**Chris Murphy**  
**CEO**

# **MERSEYSIDE SOCIETY FOR DEAF PEOPLE COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The trustees present their report and financial statements for the year ended 30 September 2017.

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 Memorandum and Articles of Association, the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2016)

## **Objectives and activities**

Founded in 1864 and then known as Liverpool Adult Deaf and Dumb Benevolent Society. The Charity's objects are the relief of persons who are Deaf, Deaf Blind and Hard of Hearing, to promote and encourage the prevention and mitigation of deafness and the better treatment, education, training and employment of deaf persons and to provide social and welfare services to Beneficiaries assisted wherever possible by funding from the local and other authorities and voluntary bodies.

The Charity aims to provide social care and supporting people services to Deaf, Deaf Blind and Hard of Hearing Clients in the Liverpool, Wirral and Sefton Areas and equipment services in the Liverpool and Wirral Areas. In addition we run an Interpreter service, Deaf Awareness and British Sign Language, level 1,2,3, and NVQ Level 6 (Interpreter level).

We also have a scheme for local businesses to sign up to, this is a robust process where businesses have to undergo training in Deaf awareness and agree an ethical code. This has been a huge success and continues to grow, raising the profile of the charity but also the profile of the struggles deaf people face in everyday life.

## **Mission Statement**

"Merseyside Society for Deaf People exists as both a Charity and a Company Limited by guarantee to support, promote and advance the quality of life for all Deaf, Deaf Blind and Hard of Hearing People."

## **Vision**

It is the Society's vision that the many barriers caused to individuals by Deafness, Deaf Blindness and Hard of Hearing should be identified, reduced and removed.

## **Values**

The values of the Society have assisted in distinguishing it from other organisations, being the foundation of over 150 years in existence. The Society seeks to support a community of Deaf, Deaf Blind and Hard of Hearing beneficiaries, other stakeholders, such as Local Government, the Private Sector, Education, Health Authorities and Partner Agencies in the provision of social support services which include:-

- Being available and accessible to support any person of any age who is disadvantaged, deprived or unrepresented due to their Deafness, Deaf Blindness and Hard of Hearing.
- Proactively promoting the consequences and barriers created by Deafness, Deaf Blindness and Hard of Hearing.
- Supporting Deaf, Deaf Blind and Hard of Hearing people to live independent and worthwhile lives.
- Provision of Education, training and support to enable Profoundly Deaf, Deaf Blind and Hard of Hearing People gain employment and independence.
- Provide a range of professionally delivered social care, supporting people services for the benefit of all ages of Deaf, Deaf Blind and Hard of Hearing People.
- Promoting and maintaining anti discriminatory action in accordance with the Equality Act 2010.

The trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake.

## **Financial review**

The results for the year and the charity's financial position at the end of the year are shown in the attached financial statements.

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**Reserves Policy**

The reserves policy is prepared in accordance with the guidance published by the Charity Commission and in the interest of prudent business management.

The policy balances the legal obligation to apply charitable funds within a reasonable time against the requirement to operate in a prudent manner that ensures Merseyside Society for Deaf People is aware of and makes provision for activities, commitments and operations of the organisation.

Overall responsibility for the implementation, monitoring and review of the policy lies with the board of trustees.

In accordance with the Charity Commission guidance, portions of the unrestricted, designated and reserve funds are designated for specific purposes even though the balances are managed collectively. The trustees reserve the right to vary such designations in light of circumstances prevailing at any point in time.

The trustees plan to hold an operating contingency fund, which aims to provide a resource for full operation for six months. In the event of major loss of income, up to and including total loss of income, this fund is intended to enable an orderly termination or transfer of all activities and work of Merseyside Society for Deaf People.

The target level of the operating contingency fund will be set, at least annually, on the basis of prevailing costs together with a redundancy fund which will be maintained to provide for the payment of statutory costs.

As at 30 September 2017 the funds of the charity were £1,018,292 (2016: £930,641) of which £984,301 (2016 - £896,650) was unrestricted, excluding the revaluation reserve.

**Structure, governance and management**

Merseyside Society For Deaf People is a registered charity and company limited by guarantee. The charitable company is governed by its Memorandum and Articles of Association. The company has no share capital, being a company limited by guarantee.

Merseyside Society for Deaf People is governed by a Trustee Board which

- Sets policy;
- Determines corporate strategy;
- Sets key strategic objectives; and
- Makes major decisions about the use of finances.

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

Mr Barry Avison

Mr Robert Davies

Cllr Louise Reecejones

Dr Joyce Carter

(Retired 4 February 2018)

Mrs Imelda O'Neill

(Retired 20 September 2017)

Mr Alan Higham

(Appointed 16 March 2017 and retired 26 April 2017)

Ms Susan Mahoney

(Appointed 16 March 2017 and retired 21 May 2018)

Mr Andrew McLoughlin

(Appointed 16 March 2017)

Ms Sandra Scott

(Appointed 16 March 2017)

Mrs Julie Alexander

(Retired 10 May 2017)

Rev Hannah Lewis

(Appointed 17 May 2017)

Mrs Catherine Hare-Cockburn

(Appointed 22 June 2017)

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**Recruitment and Appointment of New Trustees**

The retiring trustees shall, if willing to act, be deemed to have been reappointed if a vacancy is not filled, unless a resolution for the reappointment of the member trustee is put to the meeting and lost.

New trustees are formally interviewed by a panel of the current board to assess their suitability against a Person Specification.

The Memorandum and Articles of Association say there shall be a maximum 13 Trustees who shall be appointed. Trustees who are also Directors of the company, are appointed from the local community and the appointments are sanctioned by the whole Board.

Currently there are 5 vacancies for Trustees for the Merseyside Society for Deaf People and the Chair of the Board is seeking new Board members from the Business Communities.

**Induction and Training of New Trustees**

New trustees are required to attend an orientation day to brief them on their legal obligations under charity company law, the content of the Memorandum and Articles of Association, the committee and decision-making process, the business plan and recent financial performance of the charity.

**Auditor**

In accordance with the company's articles, a resolution proposing that BWM be reappointed as auditor of the company will be put at a General Meeting.

**Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

**Small company provisions**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The trustees' report was approved by the Board of Trustees.

**Mr Andrew McLoughlin**

Trustee

Dated: 6 June 2018



**MERSEYSIDE SOCIETY FOR DEAF PEOPLE**  
**COMPANY LIMITED BY GUARANTEE**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
***FOR THE YEAR ENDED 30 SEPTEMBER 2017***

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The trustees, who are also the directors of Merseyside Society for Deaf People for the purpose of company law, 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).

Company Law 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, including the income and expenditure, of the charitable company 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 UK 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 adequate 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 Companies Act 2006. 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.

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF MERSEYSIDE SOCIETY FOR DEAF PEOPLE**

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**Opinion**

We have audited the financial statements of Merseyside Society for Deaf People (the 'charity') for the year ended 30 September 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2017 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 Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF MERSEYSIDE SOCIETY FOR DEAF PEOPLE**

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**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF MERSEYSIDE SOCIETY FOR DEAF PEOPLE**

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This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Lesley Malkin BA FCA (Senior Statutory Auditor)  
for and on behalf of BWM**

20 June 2018

**Chartered Accountants  
Statutory Auditor**

Castle Chambers  
43 Castle Street  
Liverpool  
L2 9SH

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b><u>Income and endowments from:</u></b>					
Donations and legacies	3	119,475	-	119,475	28,112
Charitable activities	4	724,562	-	724,562	748,211
Investments	5	21,779	-	21,779	3,389
Other income	6	-	-	-	50,600
<b>Total income</b>		865,816	-	865,816	830,312
<b><u>Expenditure on:</u></b>					
Charitable activities	7	778,165	-	778,165	680,458
<b>Net income for the year/ Net movement in funds</b>		87,651	-	87,651	149,854
Fund balances at 1 October 2016		920,641	10,000	930,641	780,787
<b>Fund balances at 30 September 2017</b>		1,008,292	10,000	1,018,292	930,641

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The movement in funds detailed above complies with the requirements for a statement of changes in equity under FRS102.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
BALANCE SHEET**

**AS AT 30 SEPTEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	12		1,424,102		1,344,339
<b>Current assets</b>					
Debtors	14	68,059		110,246	
Cash at bank and in hand		443,925		358,407	
		<u>511,984</u>		<u>468,653</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(229,021)</u>		<u>(784,657)</u>	
Net current assets/(liabilities)			282,963		(316,004)
<b>Total assets less current liabilities</b>			1,707,065		1,028,335
<b>Creditors: amounts falling due after more than one year</b>	16		(688,773)		(97,694)
<b>Net assets</b>			<u>1,018,292</u>		<u>930,641</u>
<b>Income funds</b>					
Restricted funds	19		10,000		10,000
<u>Unrestricted funds</u>					
General unrestricted funds		984,301		896,650	
Revaluation reserve		<u>23,991</u>		<u>23,991</u>	
			1,008,292		920,641
			<u>1,018,292</u>		<u>930,641</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 6 June 2018

Mr Andrew McLoughlin  
**Trustee**

**Company Registration No. 03389496**

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	24		(523,730)		(57,449)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(26,873)		(1,106,991)	
Proceeds on disposal of tangible fixed assets		-		50,600	
Investment income		8,059		3,389	
<b>Net cash used in investing activities</b>			(18,814)		(1,053,002)
<b>Financing activities</b>					
Proceeds of new bank loans		650,000		-	
Repayment of bank loans		(21,938)		(8,881)	
<b>Net cash generated from/(used in) financing activities</b>			628,062		(8,881)
<b>Net increase/(decrease) in cash and cash equivalents</b>			85,518		(1,119,332)
Cash and cash equivalents at beginning of year			358,407		1,477,739
<b>Cash and cash equivalents at end of year</b>			443,925		358,407

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**1 Accounting policies**

**Charity information**

Merseyside Society for Deaf People is a private company limited by guarantee incorporated in England and Wales. The registered office is Queens Drive Retail Park, West Derby, Liverpool, L13 0DJ.

**1.1 Accounting convention**

The accounts have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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 £.

**1.2 Going concern**

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds are unrestricted reserves set aside by the trustees for specific purposes or projects.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes,

**1.4 Income**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt.

Income from donations and grants, including capital grants, and contract income is included in income when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the preconditions for use have been met.
- When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to preconditions regarding entitlement, this income is included in restricted funds when receivable.

Other grants, which have particular service requirements and which are provided in accordance with a contract or service level agreement are included in the Statement of Financial Activities under the heading Charitable Activities.



**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**1 Accounting policies**

**(Continued)**

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

**1.5 Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Management and governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

**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.

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:

Freehold buildings	2% on cost of buildings
Property improvements	10% on cost
Fixtures, fittings and equipment	between 20% and 33% on cost

Freehold land is not depreciated.

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 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).

**1.8 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.

**1.9 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.

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**1 Accounting policies**

**(Continued)**

***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.

***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.

***Derecognition of financial liabilities***

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

**1.10 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.

**1.11 Retirement benefits**

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

**1.12 Leases**

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

Rentals received under operating leases are credited to the Statement of Financial Activity on a straight line basis over the period of the lease.

**1.13 Taxation**

The charity benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income or gains falling within those exemptions. Recovery is made of tax deducted from qualifying income and from receipts under gift aid.

The charity is not able to recover Value Added Tax. Expenditure is recorded in the accounts inclusive of VAT.

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**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**2 Critical accounting estimates and judgements**

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

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

**3 Donations and legacies**

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Donations and gifts	114,775	-	114,775	28,112
Donated goods and services	4,700	-	4,700	-
	<u>119,475</u>	<u>-</u>	<u>119,475</u>	<u>28,112</u>
<b>For the year ended 30 September 2016</b>	<u>27,132</u>	<u>980</u>		<u>28,112</u>

**4 Charitable activities**

	2017 £	2016 £
Education, welfare and support	<u>724,562</u>	<u>748,211</u>

**5 Investments**

	2017 £	2016 £
Rental income	21,468	-
Interest receivable	311	3,389
	<u>21,779</u>	<u>3,389</u>

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**6 Other income**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net gain on disposal of tangible fixed assets	-	50,600

**7 Charitable activities**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Staff costs	461,689	457,287
Exam fees	8,091	3,564
Other costs	11,210	26,894
	<u>480,990</u>	<u>487,745</u>
Share of support costs (see note 8)	276,440	162,982
Share of governance costs (see note 8)	20,735	29,731
	<u>778,165</u>	<u>680,458</u>
<b>Analysis by fund</b>		
Unrestricted funds	<u>778,165</u>	
	<u>778,165</u>	
<b>For the year ended 30 September 2016</b>		
Unrestricted funds		679,478
Restricted funds		980
		<u>680,458</u>

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**8 Support costs**

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Staff costs	89,458	-	89,458	105,472	Project activity
Depreciation	58,144	-	58,144	6,821	Project activity
Premises costs	36,257	-	36,257	27,241	Project activity
Office costs	26,068	-	26,068	12,897	Project activity
Other costs	66,513	-	66,513	10,551	Project activity
Audit fees	-	5,280	5,280	5,000	Governance
Accountancy	-	6,780	6,780	5,700	Governance
Legal and professional	-	8,675	8,675	19,031	Governance
	<u>276,440</u>	<u>20,735</u>	<u>297,175</u>	<u>192,713</u>	
Analysed between					
Charitable activities	<u>276,440</u>	<u>20,735</u>	<u>297,175</u>	<u>192,713</u>	

Depreciation includes impairment losses of £28,944 (2016: £nil).

**9 Auditor's remuneration**

The analysis of auditor's remuneration is as follows:

<b>Fees payable to the charity's auditor:</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Audit of the charity's annual accounts	<u>5,280</u>	<u>5,000</u>
<b>Non-audit services</b>		
Audit-related assurance services	-	600
Services relating to corporate finance transactions	-	900
All other non-audit services	<u>6,780</u>	<u>4,200</u>
<b>Total non-audit fees</b>	<u>6,780</u>	<u>5,700</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**10 Employees**

**Number of employees**

The average monthly number employees during the year was:

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Charitable activity	22	24
Management and support	3	3
	<hr/>	<hr/>
	25	27
	<hr/> <hr/>	<hr/> <hr/>

**Employment costs**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	514,021	523,616
Social security costs	33,832	35,729
Other pension costs	3,294	3,414
	<hr/>	<hr/>
	551,147	562,759
	<hr/> <hr/>	<hr/> <hr/>

Included within payroll costs is £48,951 (2016 - £41,985) for costs of freelance interpreters, bank staff, social care and training contractors.

Included within payroll costs is £10,000 (2016 - £nil) for redundancy costs.

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

**11 Trustees**

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**12 Tangible fixed assets**

	Freehold land and buildings	Fixtures, fittings and equipment	Total
	£	£	£
<b>Cost</b>			
At 1 October 2016	1,391,652	251,073	1,642,725
Additions	130,799	7,108	137,907
At 30 September 2017	1,522,451	258,181	1,780,632
<b>Depreciation and impairment</b>			
At 1 October 2016	47,313	251,073	298,386
Depreciation charged in the year	27,780	1,420	29,200
Impairment losses	28,944	-	28,944
At 30 September 2017	104,037	252,493	356,530
<b>Carrying amount</b>			
At 30 September 2017	1,418,414	5,688	1,424,102
At 30 September 2016	1,344,339	-	1,344,339

The land at Queens Drive is included at the deemed cost of £30,359 as allowed by regulations under FRS102 and the charity SORP 2015.

Barclays Bank plc hold a legal charge over 15 and 17 -19 Grange Road West, Birkenhead.

As at 30 September 2017 the amount owed to Barclays was £97,694 (2016 - £112,919) which is 56% (2016 - 55%) of the net book value of the property at 15 and 17 -19 Grange Road West, Birkenhead.

The legal charge held by Wirral Borough Council over freehold land and buildings at Queens Drive, West Derby, Liverpool was satisfied in July 2017.

As at 30 September 2017 the amount owed to Wirral Borough Council was £nil (2016 - £647,000) which is nil% (2016 - 57%) of the net book value of the freehold land and buildings at Queens Drive, West Derby, Liverpool.

National Westminster Bank plc hold a legal charge, created in July 2017, over freehold land and buildings at Queens Drive, West Derby, Liverpool.

As at 30 September 2017 the amount owed National Westminster Bank plc was £643,287 which is 52% of the net book value of the freehold land and buildings at Queens Drive, West Derby, Liverpool.

Freehold land and buildings includes investment property. The fair value of the investment property component cannot be measured reliably without undue cost or effort, hence the entire property is accounted for as property within tangible fixed assets.

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<b>13</b>	<b>Financial instruments</b>		<b>2017</b>	<b>2016</b>
			<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>			
	Debt instruments measured at amortised cost		472,695	420,830
			<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>			
	Measured at amortised cost		917,794	816,834
			<u>          </u>	<u>          </u>
<b>14</b>	<b>Debtors</b>		<b>2017</b>	<b>2016</b>
			<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>			
	Trade debtors		23,321	62,423
	Prepayments and accrued income		44,738	47,823
			<u>          </u>	<u>          </u>
			68,059	110,246
			<u>          </u>	<u>          </u>
<b>15</b>	<b>Creditors: amounts falling due within one year</b>		<b>2017</b>	<b>2016</b>
		<b>Notes</b>	<b>£</b>	<b>£</b>
	Bank loans	<b>17</b>	52,208	15,225
	Other taxation and social security		-	65,517
	Trade creditors		40,718	26,363
	Other creditors		-	647,000
	Accruals and deferred income		136,095	30,552
			<u>          </u>	<u>          </u>
			229,021	784,657
			<u>          </u>	<u>          </u>
<b>16</b>	<b>Creditors: amounts falling due after more than one year</b>		<b>2017</b>	<b>2016</b>
		<b>Notes</b>	<b>£</b>	<b>£</b>
	Bank loans	<b>17</b>	688,773	97,694
			<u>          </u>	<u>          </u>

The bank loans are secured by legal charges over the charity's property as detailed in the fixed asset and borrowings notes (see notes 12 & 17)



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**COMPANY LIMITED BY GUARANTEE**  
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**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**17 Loans and overdrafts**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank loans	740,981	112,919
	<u>          </u>	<u>          </u>
Payable within one year	52,208	15,225
Payable after one year	688,773	97,694
	<u>          </u>	<u>          </u>
Amounts included above which fall due after five years:		
Payable by instalments	471,340	36,794
	<u>          </u>	<u>          </u>

Bank loan one is secured by a legal charge over the charity's property in Grange Road West, Birkenhead.

Bank loan two is secured by a legal charge over the charity's property in Queens Drive, Liverpool.

Bank loan one is repayable by equal monthly instalments of £1,269. Interest is paid as it falls due and is calculated at 3.25 per cent per annum over bank base rate.

Bank loan two is repayable by equal monthly instalments of £4,257, with a final balancing payment. Interest is paid as it falls due and is calculated at 2.00 per cent per annum over bank base rate.

**18 Retirement benefit schemes**

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge in the statement of financial activities for the year in respect of defined contribution schemes was £3,294 (2016 - £3,414).

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**19 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:

	Balance at 1 October 2016	Movement in funds		Balance at 30 September 2017
		Income	Expenditure	
	£	£	£	£
Santander	10,000	-	-	10,000
	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>

Merseyside Society for Deaf People (MSDP) was established as a charity in 1864, to address the many barriers and inequalities experience by D/deaf people. MSDP seeks to help D/deaf people achieve a full, active and influencing role in mainstream society.

The work undertaken by the Society to achieve improved citizenship for D/deaf people has been significant. The organisation has been at the forefront of a number of unique developments with the Local Authorities for residents of Merseyside.

**Santander**

MSDP were successful in a £10,000 bid to provide a befriending service for Deaf, Deaf/blind and Hard of Hearing communities in the Merseyside Area.

**20 Analysis of net assets between funds**

	Unrestricted £	Restricted £	Total £
Fund balances at 30 September 2017 are represented by:			
Tangible assets	1,424,102	-	1,424,102
Current assets/(liabilities)	272,963	10,000	282,963
Long term liabilities	(688,773)	-	(688,773)
	<u>1,008,292</u>	<u>10,000</u>	<u>1,018,292</u>

**21 Revaluation reserve**

Included within the unrestricted funds is the revaluation reserve of £23,991 (2016 - £23,991). This is the deemed cost element of land retained at Queens Drive, West Derby for the new building to be erected following the sale of the site and old building in the year ended 30 September 2015, less the original cost of that land of £6,368.

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**22 Operating lease commitments**

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2017</b> £	<b>2016</b> £
Within one year	1,750	2,430
Between two and five years	-	22,000
	<u>1,750</u>	<u>24,430</u>

**Lessor**

The operating leases represent leases to third parties. The leases are negotiated over terms of 5 to 15 years and rental income is fixed for 5 years. The longer leases includes a provision for five-yearly upward rent reviews according to prevailing market conditions. There are no options in place for any party to extend the terms of the leases.

At the reporting end date the charity had contracted with tenants for the following minimum lease payments:

	<b>2017</b> £	<b>2016</b> £
Within one year	19,700	-
Between two and five years	237,437	-
In over five years	573,300	-
	<u>830,437</u>	<u>-</u>

**MERSEYSIDE SOCIETY FOR DEAF PEOPLE  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**23 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	44,523	36,548
	<u>44,523</u>	<u>36,548</u>

**24 Cash generated from operations**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Surplus for the year	87,651	149,854
Adjustments for:		
Investment income recognised in statement of financial activities	(21,779)	(3,389)
Gain on disposal of tangible fixed assets	-	(50,600)
Depreciation and impairment of tangible fixed assets	58,144	6,821
Movements in working capital:		
Decrease/(increase) in debtors	55,907	(25,415)
(Decrease) in creditors	(703,653)	(134,720)
<b>Cash absorbed by operations</b>	<u>(523,730)</u>	<u>(57,449)</u>