

REGISTERED CHARITY NUMBER: 526379

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

FOR

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

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for the Year Ended 31 December 2010

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THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

REPORT OF THE TRUSTEES
for the Year Ended 31 December 2010

The Trustees present their 142nd report since the formation of the Institution in 1869, along with the financial statements of the Charity for the year ended 31 December 2010. 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 trust deed, applicable law and requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

The Institution was founded in 1869 and incorporated under Royal Charter dated 13 December 1921. Its governing instrument is its Royal Charter, as amended subsequently.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number
526379

Principal address
2nd Floor
Tower Building
22 Water Street
Liverpool
Merseyside
L3 1BA

Trustees

T C Hart			
D G Beazley	Died 4 June 2011		
P O Copland			
MR I C Higby			
J R Hulmes			
S E Sutherland			
Ms L Cook			

It is with great regret that we have to report the passing of Mr D G Beazley on 4 June 2011. Mr Beazley was a direct descendent of the founders of the Institution and was appointed a Trustee in 1963 at the age of just 22. He was appointed Hon Treasurer in 1977 and Chairman in 1987 reverting back to an ordinary Trustee in 1997. Mr Beazley has been a mainstay of the Institute for 48 years and will be sadly missed.

Patron
The Right Honourable The Earl of Derby

Chairman of the Executive Committee
T C Hart

Honorary Treasurer
Ms L Cook

Secretary
Mrs L Gidman

Auditors
McLintocks Limited
Chartered Accountants and
Statutory Auditors
56 Hamilton Street
Birkenhead
Wirral
CH41 5HZ

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

REPORT OF THE TRUSTEES
for the Year Ended 31 December 2010

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors
Brabners Chaffe Street,
Horton House,
Exchange Flags,
Liverpool
L2 3YL

Bankers
Barclays Bank PLC
Merchants Court
2-12 Lord Street
Liverpool
L2 1TS

Investment Managers
Citi Quilter
12 Princes Parade
Princes Dock
Liverpool
L3 1BG

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes an unincorporated charity.

Recruitment and appointment of new trustees

The appointment of Trustees has to be agreed unanimously by the existing Trustees, and any Trustee can nominate a potential new Trustee. No Trustee has any interest in the Charity.

New Trustees are invited and encouraged to attend short briefing sessions to familiarise themselves with the Institution and the context within which it operates. The Secretary ensures that the Committee is kept up to date with any changes in legislation, rules and regulation which may affect the Institution.

Related parties

The Institution is related to the Liverpool Sailor's Home Trust by virtue of common trustees. There is a cross-charging arrangement in place in respect of work it carries out on behalf of the Trust, details of which are given in note 3 to the accounts.

Risk management

The trustees regularly consider the operational and business risks which the Charity faces and confirm that they have established systems to mitigate the significant risks.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The object for which the Institution is established and incorporated continues to be to support the sons and daughters of deceased British seafarers, by providing help with education costs and maintenance. Help is provided in the form of grants payable from the Charity's unrestricted funds.

The policies of the Institution, including the grants payable, are determined by the Trustees, who act in an honorary capacity and meet at regular intervals to monitor the affairs of the Institution, but responsibility for the day to day running of the Institution is delegated to the Secretary.

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION INCORPORATED BY ROYAL CHARTER 1921

REPORT OF THE TRUSTEES

for the Year Ended 31 December 2010

ACHIEVEMENT AND PERFORMANCE

Charitable activities

During the year 8 new beneficiaries received grants, and 16 beneficiaries finished their education, which resulted in a total of 114 young persons being supported through 2010, compared to 122 in 2009.

Once again we are proud to report an impressive list of achievements by those beneficiaries who went forward into further education as shown at the end of the report. Many congratulations to you all.

Annual General Meeting

Our Annual General Meeting is special in that the people who benefit from the Institution actually play a major part in the day's proceedings, which once again, took place in the Liverpool Town Hall. We give our most sincere thanks to the Lord Mayor, Councillor Hazel Williams, for permitting us to meet there, and for taking such a personal interest in our affairs.

Donations

We again extend our grateful thanks to the many organisations and individuals who assist us so generously by way of donations and grants.

FINANCIAL REVIEW

Reserves policy

The general unrestricted funds are free reserves of the charity and the Trustees balance the need to maximise those reserves, to ensure sufficient funds are available to cover grants payable and administration costs for the foreseeable future, with a policy of supplementing income from those reserves in order to maintain and enhance the level of grants.

Financial review

Incoming resources showed a decrease of almost 50% compared with the previous year. Much of this was attributable to the receipt of a substantial legacy during the 2009. Resources expended decreased slightly by just over £1,000, attributable in the main to our not having to give as much support for needy children. Overall there were net outgoing resources of £189,413 compared with net incoming resources of £ 55,791 in 2009.

Our investments decreased in value by 9% but overall our net assets increased by £19,351. The year end position is shown in the Balance Sheet on page 8, and is regarded as satisfactory.

The Trustees' policy to draw on the Institution's funds whenever necessary to help maintain, and where possible, enhance the level of grants we make to the children, continues. The total income of some of our families is still inadequate, and the efforts of the Trustees are constantly directed towards the provision of funds to ensure that the education of the children does not unduly suffer. The resources available for distribution are regularly reviewed by the Committee in an endeavor to maximise our grants to the children.

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION INCORPORATED BY ROYAL CHARTER 1921

REPORT OF THE TRUSTEES for the Year Ended 31 December 2010

FINANCIAL REVIEW

Investment policy and objectives

The Trustees have appointed an independent Investment Manager to carry out all investments on their behalf, as nominees for the Institution. The Investment Manager reports regularly to the

Trustees, and in this way, the Trustees ensure all investments are managed in accordance with their available powers and responsibilities.

The Institution has prepared a written policy statement covering its investments with the Investment Manager, who follows a socially responsible investment policy giving due consideration towards social, environmental and ethical matters within stocks and shares in which the Institutions funds are invested. The funds are invested in a wide range of UK securities with the main objective of achieving a satisfactory total return through the realisation of shares to supplement income as and when required. The Trustees consider the return on investments to be satisfactory.

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

The law applicable to charities in England and Wales, the Charities Act 1993, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed 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 charity for that period. In preparing those financial statements, the trustees are required to

-	select suitable accounting policies and then apply them consistently;
-	observe the methods and principles in the Charity SORP;
-	make judgements and estimates that are reasonable and prudent;
-	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 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ON BEHALF OF THE BOARD:

.....
T C Hart - Chairman

Date:

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ROYAL
LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

We have audited the financial statements of The Royal Liverpool Seamen's Orphan Institution Incorporated by Royal Charter 1921 for the year ended 31 December 2010 on pages seven to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

-	give a true and fair view of the state of the charity's affairs as at 31 December 2010 and of its incoming resources and application of resources for the year then ended;
-	have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
-	have been prepared in accordance with the requirements of the Charities Act 1993.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

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

McLintocks Limited
Chartered Accountants and
Statutory Auditors
56 Hamilton Street
Birkenhead
Wirral
CH41 5HZ

Date:

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 December 2010

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2010		2009							
Unrestricted		Endow-ment		Total		Total			
funds		funds		funds		funds			
	Notes	£		£		£		£	
INCOMING RE-SOURCES									
Incoming resources from generated funds									
Voluntary income	2	126,474	-	126,474	374,486				
Activities for generat- ing funds	3	9,946	-	9,946	-				
Investment income	4	112,615	-	112,615	121,120				

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

BALANCE SHEET
At 31 December 2010

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2010		2009							
Unrestricted		Endow-		Total		Total			
funds		funds		funds		funds			
	Notes	£		£		£	£		
FIXED ASSETS									
Tangible assets	13	15,377	-	15,377	553				
Investments	14	1,631,488	1,130,724	2,762,212	3,038,967				
1,646,865	1,130,724	2,777,589	3,039,520						

CURRENT ASSETS									
Debtors	15	10,586	-	10,586	10,412				
Cash at bank and in hand		346,193	21	346,214	64,646				
356,779	21	356,800	75,058						

CREDITORS									
Amounts falling due within one year	16	-41,801	-	-41,801	-41,339				

NET CURRENT ASSETS		314,978	21	314,999	33,719				

TOTAL ASSETS LESS CURRENT LIABILITIES			1,961,843	1,130,745	3,092,588	3,073,239			
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NET ASSETS	1,961,843	1,130,745	3,092,588	3,073,239					
FUNDS	17								
Unrestricted funds	1,961,843	2,018,635							
Endowment funds	1,130,745	1,054,604							
TOTAL FUNDS	3,092,588	3,073,239							

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
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BALANCE SHEET - CONTINUED
At 31 December 2010

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The financial statements were approved by the Board of Trustees on
..... and were signed on its behalf by:

.....
T C Hart - Chairman

.....
Ms L Cook – Hon. Treasurer

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2010

1	ACCOUNTING POLICIES
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Accounting convention
The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (ef-

fective April 2008), the Charities Act 1993 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Incoming resources

All income is recognised in the statement of financial activities when the conditions for entitlement have been met and there is reasonable assurance of amount and receipt. Where a claim for repayment of income tax has or will be made, such income is grossed up by the tax recoverable.

Donations and Legacies

Donations and all other receipts from fundraising are reported gross and the related fundraising costs are reported in other expenditure. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Investment Income

Investment income is accounted for when receivable. Tax recoverable on investment income is accounted for in the same period as the related income.

Resources expended

Costs of generating funds comprise those directly attributable to fund raising, managing the investment portfolio and raising investment income.

Grants payable are accounted for when the Trustees have accepted a legal or moral obligation to make the grant.

Support costs comprise costs for processing grants and applications, including support to actual and potential applicants.

Governance costs comprise costs for the running of the charity itself as an organisation. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Allocation and apportionment of costs

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computers	- 20% on cost	
Fixtures and fittings	- 20% on cost	
Motor vehicles	- 33% on cost	

Taxation

The charity is exempt from tax on its charitable activities.

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2010

1	ACCOUNTING POLICIES - continued
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Fund accounting

The charity maintains various types of funds as follows:

Endowment funds

Endowment funds represent grants, donations and legacies where the donor stipulated that the capital must be retained.

Unrestricted funds

Designated funds are amounts which have been put aside out of unrestricted funds at the discretion of the Trustees, and comprise a future grants fund representing funds set aside to meet grant commitments made by the Trustees.

General unrestricted funds represent unrestricted income which is expendable at the discretion of the Trustees in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2	VOLUNTARY INCOME
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	2010		2009	
	£		£	
Donations			3,562	7,072
Legacies			-	245,231
Grants			122,912	122,183
126,474		374,486		

Grants received, included in the above, are as follows:

	2010		2009
	£		£
Inverclyde Bequest Fund			3,250
Seafarers UK			3,750
Trinity House			50,000
Royal Merchant Navy Fund			30,000
Liverpool Shipwreck & Humane Society*			25,625
Liverpool Sailors' Home Trust*			10,187
			3,850
			4,150
122,912	122,183		

* The Liverpool Sailors' Home Trust shares offices with the Institution and has common Trustees. The above income has been received as a contribution towards salaries, pension contributions and payments and office expenses. Liverpool Shipwreck & Humane Society, which does not have common Trustees, also share offices with the Institution, and similarly makes a contribution, as above, towards those expenses. We make an extra monthly payment to students attending university and the RMNF repays this back to the Institution.

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2010

3	ACTIVITIES FOR GENERATING FUNDS		
	2010		2009
	£		£
Charity Ball Proceeds		9,946	-

4	INVESTMENT INCOME		
	2010		2009
	£		£
United Kingdom Equities		112,472	120,924
Investment income UK portfolio cash		-	170

Bank interest receivable		143	26
112,615	121,120		

5	COSTS OF GENERATING VOLUNTARY INCOME
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	2010		2009
	£		£
Charity Ball costs		2,142	-

6	INVESTMENT MANAGEMENT COSTS
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	2010		2009
	£		£
Investment management charges		4,269	5,725

7	CHARITABLE ACTIVITIES COSTS
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	Grant funding of activities		Support costs		Totals
(See note 8)		(See note 9)			
£		£		£	
Support costs		-	84,633	84,633	
Charitable activities		335,543	-	335,543	
335,543	84,633	420,176			

8	GRANTS PAYABLE
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	2010		2009
	£		£
Maintenance and Christmas grants		335,543	336,601

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN

INSTITUTION
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2010

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9	SUPPORT COSTS
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Management
£

Support costs		84,633

Support costs, included in the above, are as follows:

Management

	2010		2009		
		Support costs		Support costs	
	£		£		
Wages			47,872	47,198	
Social security			4,978	4,909	
Pensions			22,929	27,453	
Office costs			7,488	8,266	
Travel expenses			2,351	2,170	
Depreciation of tangible and heritage assets			3,014	383	
Profit on sale of tangible fixed assets			-3,999	-	
84,633		90,379			

10	GOVERNANCE COSTS
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	2010		2009	
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	£		£
Auditors' remuneration		3,780	3,701
Bank charges		469	672
AGM expenses		3,614	2,812
7,863	7,185		

11 TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2010 nor for the year ended 31 December 2009.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 December 2010 nor for the year ended 31 December 2009.

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN
INSTITUTION
INCORPORATED BY ROYAL CHARTER 1921

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2010

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12 STAFF COSTS

	2010		2009
	£		£
Wages and salaries		47,872	47,198
Social security costs		4,978	4,909
Other pension costs		22,929	6,762
75,779	58,869		

The average monthly number of employees during the year was as follows:

	2010	2009
Administration	2	2

No employee received more than £60,000 in either year.

13	TANGIBLE FIXED ASSETS							
	Computers		Fixtures and fittings		Motor vehicles		Totals	
£		£		£		£		

COST

At 1 January 2010	1,608	2,252	11,000	14,860				
Additions	-	-	17,839	17,839				
Disposals	-	-	-11,000	-11,000				
At 31 December 2010	1,608	2,252	17,839	21,699				

DEPRECIATION

At 1 January 2010	1,074	2,234	10,999	14,307				
Charge for year	140	16	2,858	3,014				
Eliminated on disposal	-	-	-10,999	-10,999				
At 31 December 2010	1,214	2,250	2,858	6,322				

NET BOOK VALUE

At 31 December 2010	394	2	14,981	15,377				
At 31 December 2009	534	18	1	553				

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2010

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14	FIXED ASSET INVESTMENTS
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	Listed investments		Cash and settlements pending		Totals
£		£		£	

MARKET VALUE

At 1 January 2010	2,899,098	139,870	3,038,968		
Additions	381,576	376,820	758,396		
Disposals	-710,309	-491,087	-1,201,396		
Revaluations	166,244	-	166,244		
At 31 December 2010	2,736,609	25,603	2,762,212		

NET BOOK VALUE

At 31 December 2010	2,736,609	25,603	2,762,212		
At 31 December 2009	2,899,098	139,870	3,038,968		

There were no investment assets outside the UK.

The market value of Investments held at 31 December 2010, which were over 5% of the portfolio by value were;

	2010	2009	
£			£
Treasury 6 1/4% stock 2010		-	217,282
Charities Property Fund		145,305	128,880

Market values have been provided by Citi Quilter, a trading name of Quilter & Co Limited, who are an authorised investment institution, and the investments are held by their nominee company.

15 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	2010		2009
	£		£
Other debtors		10,586	10,412

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	2010		2009
	£		£
Taxation and social security		1,621	1,613
Other creditors		40,180	39,176
46,801	41,339		

THE ROYAL LIVERPOOL SEAMEN'S ORPHAN INSTITUTION
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2010

17. PENSION COMMITMENTS

Under the terms of the Secretary's employment, there is an entitlement to a certain level of pension on retirement. The Trustees are aware that to date adequate provision has yet to be made. Steps are being taken to address this issue, though at this stage, it is not possible to quantify the potential liability.

18 MOVEMENT IN FUNDS						
	At 1.1.10		Net movement in funds		Transfers between funds	At 31.12.10
	£		£		£	£
Unrestricted funds						
General fund	1,860,635	101,208	-153,000	1,808,843		

