

THE MERCHANTS HOUSE OF GLASGOW

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



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THE MERCHANTS HOUSE**

The Merchants House of Glasgow, although more ancient in origin, obtained its first recorded constitution in a Letter of Guildry in 1605, later ratified by an Act of the Scots Parliament in 1672. It is an Elective Incorporation, and one of the most important charitable institutions connected with the social, commercial and other interests of the City of Glasgow. Its regulations are amended from time to time in general meeting as necessary.

The Merchants House of Glasgow is a charity, registered in Scotland under the Charities and Trustee Investment (Scotland) Act 2005.

The business of the House is managed by the Lord Dean of Guild, the Vice Dean, three recent Ex-Deans and up to 36 Directors elected in terms of the regulations of the House. It has substantial assets in the form of property and investments, the latter being reviewed regularly.

The principal objectives are to pay benefits to beneficiaries and to provide assistance in the form of grants to charitable institutions within and around Glasgow. These matters are dealt with by the Grants Committee. In addition to committee meetings, there are quarterly meetings of Directors when the business of the House is fully reviewed, together with such other meetings as are necessary.

The Directors are also responsible for the administration of the various trust funds mentioned in the report. The House continues to receive trust funds for it to administer legacies and bequests.

www.merchantshouse.org.uk

THE MERCHANTS HOUSE OF GLASGOW

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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THE MERCHANTS HOUSE OF GLASGOW

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

LEGAL AND ADMINISTRATIVE INFORMATION

Office Address	7 West George Street, Glasgow, G2 1BA
Telephone Number	0141 221 8272
Website	www.merchantshouse.org.uk
Registered Charity Number	SC008900
Auditors	Wylie & Bisset (Audit) Limited Chartered Accountants 168 Bath Street Glasgow G2 4TP
Bankers	Bank of Scotland Corporate Banking, Level 6 110 St Vincent Street Glasgow G2 5ER
Insurance Brokers	Marsh Commercial G1 Building 5 George Square Glasgow G2 1AR
Investment Managers	Rathbone Investment Management 50 George Square Glasgow G2 1EH
Solicitors	Mitchells Robertson Ltd George House 36 North Hanover Street Glasgow G1 2AD

THE MERCHANTS HOUSE OF GLASGOW

Report of the Directors for the year ended 31 December 2021

The Directors of the Merchants House of Glasgow present their Annual Report for the year ended 31 December 2021 under the Charities and Trustee Investment (Scotland) Act 2005 ("the Act"), together with the audited financial statements for the year then ended. They confirm that this report and the accounts comply with the requirements of the Act, the Charity Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Merchants House of Glasgow, although more ancient in origin, obtained its first recorded constitution in a Letter of Guildry in 1605, later ratified by an Act of the Scots Parliament in 1672. It is an Elective Incorporation, and one of the most important charitable institutions connected with civic, social, commercial and other interests of the City of Glasgow. Its Regulations are amended from time to time in general meeting as necessary. The Regulations were amended most recently in May 2021.

Objectives and Activities

The principal charitable objectives of the House are the relief of poverty by payment of benefits to individuals and providing grants to charitable bodies chiefly in Glasgow and the West of Scotland. During the year, benefits amounting to £108,480 were paid to 124 beneficiaries (2020 £125,829 paid to 128 beneficiaries) and grants totalling £220,297 were paid to 52 charitable bodies (2020 £171,236 paid to 38 charitable bodies).

The House manages substantial endowment funds, many of which have specific terms on the distribution of grants.

The House aims to distribute all its available income taking one year with another. For the year ended 31 December 2021, the unrestricted funds surplus has occurred due to a fall in the grants paid out of the unrestricted funds in the year. The House has undertaken promotion through social media in order to reach more charities that can be helped. The restricted funds deficit occurs as a result of increased grants paid from the M B Campbell and Underwood funds in order to meet the fund conditions for disbursement.

Achievements and Performance

A key aim for the House has been to continue increasing the letting activity in its Grand Hall, Directors' Room, Lord Dean's Room and James McCune Smith Room. During 2021, the events and hall hire net income (after deduction of direct expenses) increased to £73,231 (2020 £33,116). The rental income of £264,515 generated from let units in the subsidiary company, Ship Venture Limited, has decreased as a result of COVID-19 restrictions, with a few tenants terminating their leases (2020 £315,397).

The investments of the House are held with the primary purpose of producing an income stream to support the grant making activities. The dividends and interest received during the year of £210,595 has decreased from £276,432 received in the previous year. The decrease in dividends has, in part, been another effect of COVID-19.

The value of the investment portfolios reduced considerably following the outbreak of COVID-19. During 2021, the investments have recovered to pre-COVID-19 levels. There is still uncertainty in the dividends receivable from companies and collective investments within the portfolios. The House is able to adjust its level of giving to handle these challenges and those of its subsidiary company. The House could also choose to realise assets in the event income is remaining suppressed to sustain its charitable objectives given the highly liquid nature of the assets.

THE MERCHANTS HOUSE OF GLASGOW

Report of the Directors for the year ended 31 December 2021

Grant Making Strategy

There are two main strands in the House's grant making strategy.

(1) we receive and encourage applications for grant funding for a wide range of charitable activity across the social, educational, health and cultural sectors which has impact in Glasgow and the West of Scotland; and

(2) we make grants from a number of designated and restricted funds for specific purposes.

Some of the bodies and charitable sectors traditionally supported by the House have been impacted by COVID-19 and have been unable to carry out the full remit of their charitable activities. This has reduced the number of applications received by the House to some extent during 2021. The reduced level of grant expenditure has contributed to the surplus in the unrestricted funds during the year, contrary to the normal practice of expending all of the income after expenses.

Financial Review

The financial position at 31 December 2021 remained strong with investments totalling £10,455,240 (2020 £9,627,173) and cash balances of £999,254 (2020 £826,866). The commercial premises let through Ship Venture Ltd had 81% occupancy at 31 December 2021.

The financial results for the year record a deficit of £116,029 (2020 surplus of £18,161) before disposal and revaluation gains or losses of the investments. The unrestricted funds achieved a surplus of £64,685 (2020 £111,015) before investment gains or losses at 31 December 2021.

The investments of the House are held in accordance with the powers granted to the Directors. The Investment Policy during 2021 was to seek to maximise the income of the House while preserving the real value of the funds invested. The Policy is subject to periodic review with a detailed review being carried out each year. Following advice received from the House's investment managers a proposal to invest some of the portfolio under a total return mandate, where suitable, was approved at a meeting of Directors in November 2021. This will cover approximately one quarter of the portfolios where the House is able to distribute capital as well as income. The change in approach is to be implemented in 2022.

The Directors delegate the management of the investment portfolios to investment managers, on a discretionary basis. The Investment Manager's performance is measured against appropriate bespoke benchmarks. During the period the performance of the Trustee and General Pools have been below the benchmarks.

Fund	Actual	Benchmark
Trustee Pool	13.34%	15.93%
General Pool	13.67%	15.93%
Underwood	7.88%	10.42%

The investment managers hold a higher weighting in quality stocks than the market overall which they expect to produce a more steady income stream and capital growth over time. In 2021 lower value cyclical stocks such as some financials, oil, gas and mining recovered more strongly than the portfolio held and this led to the underperformance against benchmark in the General and Trustee portfolios.

The composition of the investment portfolio of the Underwood fund reflects the expected timescale within which this fund will be expended in accordance with the original wishes of the donors. The Underwood investments performance was below the benchmark due to the sale of investments in order to distribute more grants from the fund.

The heritable property owned by the House together with the investment in Ship Venture Limited is a designated fund. The Directors have noted the reduction in rental income due to COVID-19.

The financial performance and position in future periods are particularly sensitive to vacant accommodation within the commercial property and a reduction in hall lets, fluctuations in the value of investments which are traded on the Stock Exchange and the dividends declared by the companies in which the House has invested.

At 31 December 2021 the House held a high cash balance compared to the normal historical position. This is a conscious decision to reduce investment risk for some Restricted Funds that mandate the distribution of capital and in readiness to support initiatives that are likely to be included in the strategic plan.

THE MERCHANTS HOUSE OF GLASGOW

Report of the Directors for the year ended 31 December 2021

Structure, Governance and Management

The Directors of the Merchants House of Glasgow are the Trustees for the purposes of charity legislation in Scotland.

There are up to 41 directors of the House comprising The Lord Dean of Guild, the Vice Dean, the Immediate Past Dean and the two immediate predecessors (all ex officio) together with up to 36 elected Directors who are appointed for a maximum of three terms of three years.

Directors who are ex officio with effect from the annual meeting in May 2021 are:

May Storrie CBE	Lord Dean of Guild
Andrew McFarlane	Vice Dean
Alasdair R J Ronald	Immediate Past Dean
Ian Dickson BEM DL	Ex Dean
John F MacLeod DL	Ex Dean

The elected Directors during the year were:

Gayle Adnyana *	Ronald Inglis	Michael Samuel
Campbell Armour	Elizabeth Kennedy	Kim Schmulian *
David A R Ballantine	A Angus Kerr	Bill Scott
Colin Botfield	Eleanor Kerr	Elizabeth Simpson
Alistair S Burrow	Allan C C Lapsley	Charles Smith
Donald Carmichael	Douglas Lapsley	John Taylor
Paul Carnan	Kerr Luscombe	Ruth Walker
Lindsay Colville	Mariella MacLeod	Karen Waugh
Robert Cunningham	Tony McElroy *	Katy Wedderburn
David Dickson **	Frances McMenamin	Raymond M Williamson **
Zoe Gillespie	Steven Morris *	Bob Winter
Prof David Harrison	Ann O'Connell	Gordon Young **
John Hylands ***	John Papworth **	

* Appointed 18/5/21

** Retired 18/5/21

*** Appointed 18/5/21 and served until his death on 5/8/21

Where the number of Directors proposed at an Annual General Meeting exceeds the number of vacancies, a vote of the members is held to determine who is appointed.

All new Directors are given access to guidance as to Trustees' duties and to statements of good practice in terms conforming to the requirements of the Charities and Trustee Investment (Scotland) Act 2005. A copy of Governance and Regulations of the Merchants House of Glasgow is also provided.

The Merchants House of Glasgow holds Directors' Liability Insurance for all Directors. The Directors are not employees of, and receive no remuneration from, the House.

Membership

There were 10 new members (due to restrictions only 6 new members have signed the Roll) and the resignations and deaths of 10 members have been reported. It should be noted that a person does not rank as a voting member of the House until he or she has signed the Matriculation Roll. The active roll stands at 841.

THE MERCHANTS HOUSE OF GLASGOW

Report of the Directors for the year ended 31 December 2021

Organisational Structure

The Directors meet quarterly to review the affairs of the House and additionally, as required.

For effective conduct of business of the House there are eight main committees of Directors:

Audit Committee	Legacy and Philanthropy Committee
Employment & Remuneration Committee	Membership Development Committee
Finance Committee	Nominations Committee
Grants Committee	Property and Capital Projects Committee

The Committees meet according to their Terms of Reference. Each committee makes recommendations for approval at the Directors' Quarterly Meeting except the Grants Committee which has the authority, without such approval, to award grants up to £10,000.

The day to day running of The Merchants House is delegated to the Chief Executive and his staff. Their remuneration is set by the Employment and Remuneration Committee in conjunction with the Lord Dean and the Chair of the Finance Committee. The key management personnel during the year are considered to be the Chief Executive and Collector, the Finance Assistant and the Events Manager.

Reserves Policy

The reserves policy of the House is to ensure there are sufficient levels of cash and immediately realisable funds to meet the expected financial commitments of the House for the next twelve months. This includes the amounts expected to be disbursed by way of grants and payments to beneficiaries. The Directors are committed to distributing as much of the net incoming unrestricted resources as possible subject to ensuring the real value of the capital funds is maintained. The Directors may take a longer-term view into account when considering the expected costs and benefits of capital projects.

The balance held in unrestricted funds at 31 December 2021 was £2,485,182 of which £1,643,293 is regarded as free reserves, after allowing for funds of £841,889 tied up in tangible fixed assets including the premises of the House.

Future Plans

The Directors intend to continue the work of the House over the coming years in a way which will enable it to maintain or increase its charitable giving in real terms and to enhance the impact of its giving. They continue to offer to other charities the ability to merge or manage other funds with those of the House with a view to improving the management and efficiency of these funds in achieving their own objectives.

A 5-year strategic plan is being developed. This plan will communicate our vision and objectives, and how we will achieve those objectives. The plan will focus on what works well, investing in our assets, ensuring our grant-giving reaches maximum impact and refreshing our membership offer to provide a long-term future for our Charity.

Subsidiary Company

The commercial letting of available space in the building is carried out within the wholly owned subsidiary Ship Venture Limited. The sole purpose of letting the available accommodation is to generate income for the House. The Directors do not wish to incur undue expense in obtaining a current valuation of the property as there is no present intention to dispose of it and the commercial property is integral to the building from which the House operates. Ship Venture Limited makes a gift aid payment each year to the House in an amount equal to its taxable profits or, if lower, distributable profits, in accordance with established practice. For the year ended 31 December 2021 the company has undertaken to make a payment of £202,783 (2020 £213,940).

In March 2020 the operating environment of the company changed following the outbreak of the virus known as COVID-19. This had the potential to challenge the levels of rental income being received by the company as tenants themselves adapted to changing circumstances. Whilst this did reduce the levels of rental income to some extent the position was less detrimental than initial concerns had suggested. However social distancing measures largely suspended the ability of the company to let space for functions and meetings within the group property. This pattern continued throughout a large part of 2021 and whilst the outlook remains uncertain, particularly in respect of functions, the directors are confident the company remains a going concern and can continue to trade.

THE MERCHANTS HOUSE OF GLASGOW

Report of the Directors for the year ended 31 December 2021

Risk Management

A Risk Register is maintained which is reviewed annually by the Audit Committee and is approved by the Directors. The Register identifies mitigating factors, further planned actions and allocates who is responsible for each risk. The major risks include:

The risk that the building is not properly maintained and available accommodation is not let to suitable tenants. This is mitigated by the appointment of professional property agents to manage and market the building.

The risk of making inappropriate investments which either do not produce sufficient income or are subject to excessive reductions in value. This is mitigated by the appointment of professional investment managers who manage the portfolios on a discretionary basis thus allowing them to respond promptly to any changes in market sentiment.

The risk that funds are disbursed to inappropriate recipients. Grants are only awarded after the standard application form has been completed and a copy of the recipient's most recent accounts have been provided to the House. For beneficiaries, payments are only made by direct transfer to confirmed bank accounts.

The risk of disbursing restricted funds to ineligible charities. This is mitigated by ensuring that the Grants Committee has received details of the purposes of each restricted fund and awards are only made in accordance with the relevant conditions.

The risk that there is inadequate control over the finances leading to an unsustainable position. This is mitigated by budgets being prepared in advance of each year, regular Management Accounts being reviewed by the Finance Committee and Directors.

In the opinion of the Directors, sufficient controls have been established to ensure that all relevant risks have been sufficiently mitigated.

Related Parties

Details of Directors expenses and any related party transactions are disclosed in Note 3 to the accounts. Directors are required to disclose at each meeting if they have any conflicts of interest, and these conflicts of interest are noted in the minutes of the Board or of the committee to which they relate. Directors are also required to complete a Declaration of Interest Form which they are asked to review each year.

THE MERCHANTS HOUSE OF GLASGOW

Report of the Directors for the year ended 31 December 2021

Statement of Directors' Responsibilities

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

The law applicable in Scotland 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution will be proposed at the Annual General Meeting that Wylie & Bisset (Audit) Limited be reappointed as auditors to the House for the ensuing year.

Statement of Disclosure to the Auditor

So far as the Directors are aware, there is no relevant audit information of which the Charity's Auditors are unaware. Additionally, the Directors have taken all necessary steps that they ought to have taken as Directors, in order to make themselves aware of all the relevant audit information and to establish that the Charity's Auditors are aware of that information.

Approved by the Directors on 26 April 2022 and signed on their behalf by:

May Storrie
Lord Dean of Guild

THE MERCHANTS HOUSE OF GLASGOW

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MERCHANTS HOUSE OF GLASGOW FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of The Merchants House of Glasgow (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 December 2021 which comprise the group and parent charity's Statement of Financial Activities, the group and parent charity's Balance Sheets, the group and parent charity's Cash Flow Statements and the notes to the financial statements, including 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 group's and parent charity's affairs as at 31 December 2021, and of the group and the parent charity's 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 and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

THE MERCHANTS HOUSE OF GLASGOW

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MERCHANTS HOUSE OF GLASGOW FOR THE YEAR ENDED 31 DECEMBER 2021

Other information

The other information comprises the information included in the report and consolidated financial statements, 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the parent 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

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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.

THE MERCHANTS HOUSE OF GLASGOW

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MERCHANTS HOUSE OF GLASGOW FOR THE YEAR ENDED 31 DECEMBER 2021

Explanation as to what extent the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

- The nature of the group and parent charity, the environment in which they operate and the control procedures implemented by management and the trustees; and
- Our enquiries of management and trustees about their identification and assessment of the risks of irregularities.

Based on our understanding of the group and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the charity's operations; and
- UK tax legislation

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks of the group were related to;

- Posting inappropriate journal entries;
- Management bias in accounting estimates; and
- Non-compliance with Coronavirus Job Retention Scheme rules

Audit response to the risks identified

Our procedures to respond to the risks identified included the following;

- Gaining an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, trustees and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business;
- Substantive testing of CJRS claims to ensure compliance with the rules.

THE MERCHANTS HOUSE OF GLASGOW

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MERCHANTS HOUSE OF GLASGOW FOR THE YEAR ENDED 31 DECEMBER 2021

Audit response to the risks identified (continued)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Charitable Trustees, as a body, in accordance with section 44(1) (c) of the Charities and Trustees Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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 auditor's 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.

Claire Dalrymple FCCA (Senior Statutory Auditor)

For and on behalf of Wylie & Bisset (Audit) Limited, Statutory Auditor

168 Bath Street

Glasgow

G2 4TP

26 April 2022

THE MERCHANTS HOUSE OF GLASGOW

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £																																																																																																														
Income and endowments from:																																																																																																																			
Donations and legacies	4	52,423	3,728	-	56,151																																																																																																														
Other trading activities	5	645,208	-	-	645,208																																																																																																														
Investments	6	98,461	112,134	-	210,595																																																																																																														
Total income		796,092	115,862	-	911,954																																																																																																														
Expenditure on:																																																																																																																			
Raising funds																																																																																																																			
Other trading activities	7	558,319	-	-	558,319																																																																																																														
Investment & management	8	5,009	2,287	40,989	48,285																																																																																																														
Charitable activities	10	168,079	253,300	-	421,379																																																																																																														
Total expenditure		731,407	255,587	40,989	1,027,983																																																																																																														
Net income / (expenditure) and net movement in funds before gains on investments																																																																																																																			
		64,685	(139,725)	(40,989)	(116,029)																																																																																																														
Net gains on investments		116,168	37,296	926,527	1,079,991																																																																																																														
Net movement in funds		180,853	(102,429)	885,538	963,962																																																																																																														
Funds reconciliation																																																																																																																			
Total funds brought forward		2,293,506	1,062,072	7,924,006	11,279,584																																																																																																														
Transfer between funds	19	10,823	(10,823)	-	-																																																																																																														
Total funds carried forward	19	2,485,182	948,820	8,809,544	12,243,546																																																																																																														
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THE MERCHANTS HOUSE OF GLASGOW

CHARITY STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £
Income and endowments from:					
Donations and legacies	4	52,423	3,728	-	56,151
Other trading activities	5	34,203	-	-	34,203
Investments	6	301,236	112,134	-	413,370
Total income		387,862	115,862	-	503,724
Expenditure on:					
Raising funds					
Other trading activities	7	98,295	-	-	98,295
Investment & management	8	5,009	2,287	40,989	48,285
Charitable activities	10	168,079	253,300	-	421,379
Total expenditure		271,383	255,587	40,989	567,959
Net income / (expenditure) and net movement in funds before gains on investments		116,479	(139,725)	(40,989)	(64,235)
Net gains on investments		116,168	37,296	926,527	1,079,991
Net movement in funds		232,647	(102,429)	885,538	1,015,756
Funds reconciliation					
Total funds brought forward		2,174,602	1,062,072	7,924,006	11,160,680
Transfer between funds	19	10,823	(10,823)	-	-
Total funds carried forward		2,418,072	948,820	8,809,544	12,176,436
		2020 (restated) £	2020 (restated) £	2020 (restated) £	2020 (restated) £
Income and endowments from:					
Donations and legacies	4	27,691	-	-	27,691
Other trading activities	5	35,502	-	-	35,502
Investments	6	340,409	149,804	-	490,213
Total income		403,602	149,804	-	553,406
Expenditure on:					
Raising funds					
Other trading activities	7	89,997	-	-	89,997
Investment & management	8	2,964	1,627	26,580	31,171
Charitable activities	10	167,869	214,451	-	382,320
Total expenditure		260,830	216,078	26,580	503,488
Net income / (expenditure) and net movement in funds before losses on investments		142,772	(66,274)	(26,580)	49,918
Net losses on investments		(68,387)	(21,844)	(500,706)	(590,937)
Net movement in funds		74,385	(88,118)	(527,286)	(541,019)
Funds reconciliation					
Total funds brought forward		2,013,329	1,187,638	8,500,732	11,701,699
Prior year adjustment	19	21,331	28,109	(49,440)	-
Restated funds brought forward		2,034,660	1,215,747	8,451,292	11,701,699
Transfer between funds	19	65,557	(65,557)	-	-
Total funds carried forward		2,174,602	1,062,072	7,924,006	11,160,680

THE MERCHANTS HOUSE OF GLASGOW

CONSOLIDATED AND CHARITY BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	Group 2021 £	Group 2020 (restated) £	Charity 2021 £	Charity 2020 (restated) £
Fixed assets					
Tangible assets	14 & 15	841,889	888,983	666,200	666,200
Investments	16	10,455,240	9,627,173	10,655,240	9,827,173
Total Fixed Assets		11,297,129	10,516,156	11,321,440	10,493,373
Current assets					
Debtors	17	229,534	283,737	213,018	263,048
Cash at bank and in hand	22	999,254	826,866	668,032	443,556
Total Current Assets		1,228,788	1,110,603	881,050	706,604
Liabilities					
Creditors falling due within one year	18	282,371	347,175	26,054	39,297
Net Current assets		946,417	763,428	854,996	667,307
Net Assets		12,243,546	11,279,584	12,176,436	11,160,680
The Funds of the Charity					
Unrestricted funds	19	2,485,182	2,293,506	2,418,072	2,174,602
Restricted income funds	19	948,820	1,062,072	948,820	1,062,072
Endowment funds	19	8,809,544	7,924,006	8,809,544	7,924,006
Total Charity Funds		12,243,546	11,279,584	12,176,436	11,160,680

Approved by the Directors on 26 April 2022 and signed on their behalf by:

May Storrie
Lord Dean of Guild

Alastair Ronald
Immediate Past Dean

THE MERCHANTS HOUSE OF GLASGOW

STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash flows from operating activities					
Cash (used in) operating activities	21	(277,546)	(188,573)	(451,975)	(534,169)
Tax paid		-	-	-	-
Net cash (used in) operating activities		(277,546)	(188,573)	(451,975)	(534,169)
Cash flows from investing activities					
Dividends, interest and rents from investments		210,595	276,432	424,527	513,017
Purchase of property, plant and equipment		(12,585)	(29,442)	-	-
Increase in cash investments		(20,830)	(21,368)	(20,830)	(21,368)
Proceeds from sale of investments		1,089,273	3,420,246	1,089,273	3,420,246
Purchase of investments		(816,519)	(3,285,517)	(816,519)	(3,285,517)
Net cash provided by investing activities		449,934	360,351	676,451	626,378
Change in cash and cash equivalents in the year		172,388	171,778	224,476	92,209
Cash and cash equivalent brought forward	22	826,866	655,088	443,556	351,347
Cash and cash equivalents carried forward	22	999,254	826,866	668,032	443,556

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements consolidate the results of the House and its wholly owned subsidiary, Ship Venture Ltd, on a line by line basis.

The House constitutes a public benefit entity as defined by FRS 102.

At the time of approving the financial statements, the Trustees have a reasonable expectation that the House 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.

The operating environment of the House changed significantly following the outbreak of the virus known as COVID-19. This reduced the previous levels of rental income being received by the subsidiary and the level of income from the investment portfolio. The risks to income due to COVID-19 are now receding as society opens again following the public vaccination programme although there is still some uncertainty how much longer the significant financial impacts of the pandemic will continue. In spite of these challenges the Trustees are confident the House remains a going concern and can continue to trade.

The House's presentation currency is sterling and amounts in the financial statements are rounded to the nearest £.

(b) Funds structure

Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the Trustees, at their discretion, have created funds for specific purposes. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal. Endowment funds are permanent or expendable capital funds. Further details of each fund are disclosed in note 19.

(c) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. 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 House is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

(d) Financial instruments

The House only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their fair value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (continued)

(e) Income recognition

Income is recognised once the House has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Donations are recognised when the House has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the House is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the House and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the granting of confirmation when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the House.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the House; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the receipt of the dividend into the investment portfolio.

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

(f) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the House to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (h) below.

Costs of raising funds comprise the costs of commercial trading including investment management costs and certain legal fees and their associated support costs.

Expenditure on charitable activities includes Grants and Benefits Payable and other activities undertaken to further the purposes of the House and their associated support costs.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the House. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the House.

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (continued)

(f) Expenditure recognition (continued)

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the House that would permit the House to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant award is made. This discount rate is regarded by the Trustees as providing the best current available estimate of the opportunity cost of money reflecting the time value of money to the House.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

(g) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the House has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the House of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the House which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

(h) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the House and its compliance with regulation and good practice. These costs include costs related to statutory audit and relevant legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on the number of individual grant awards made in recognition that the administrative costs of awarding, monitoring and assessing grants and benefits are broadly equivalent. The allocation of support and governance costs is analysed in note 9.

(i) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The House does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the House is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(j) Tangible fixed assets and depreciation

Heritable property is accounted for at historic cost and not at valuation as the property is let out to a wholly owned subsidiary.

No depreciation is provided on heritable property as it is the policy of the House to maintain the property in such condition that its value taken as a whole is not impaired with the passage of time. Consequently, any element of depreciation would, in the opinion of the Lord Dean and Directors, be immaterial.

The cost of furniture and fittings and expenditure on repairs and renewals is charged in the year in which it is incurred. All assets costing more than £1,000 are capitalised and valued at historical cost. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life:

	Basis
Building Improvements	10% per annum on additions prior to 1/1/19, 20% on additions thereafter
Equipment	10% and 33.33% per annum on additions prior to 1/1/19, 20% on additions thereafter

(k) Heritage assets

The House has a collection of heritage assets which includes antique furniture, fine artwork, 20th century decorative furniture, statues & sculptures and silver. Due to the lack of comparable market values for the collection and the expense of obtaining reliable valuations, the assets are not recognised in the Balance Sheet.

(l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(n) Creditors and provisions

Creditors and provisions are recognised where the House has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(o) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(p) Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- * a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- * a present obligation following a grant offer where settlement is either not considered probable; or
- * the amount has not been communicated in the grant offer and that amount cannot be estimated reliably.

(q) Judgements in applying accounting policies and key sources of estimates uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect the reported income, expenditure, assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from each estimate.

The Trustees are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Depreciation of fixed assets – fixed assets are depreciated over the useful life of the asset. The useful lives of fixed assets are based on the knowledge of senior management, with reference to assets' expected life cycle.

Bad debt provision - trade debtors are reviewed by appropriate experienced senior management on a case by case basis with the balance outstanding and the ageing of the debtor taken into consideration.

Allocation of expenditure between activities – support costs are allocated between charitable activities and governance based on the time spent by senior management on undertaking the charity's activities.

(r) Allocation of investment management fees across the funds

Investment management fees are incurred quarterly and are calculated with reference to the investment valuation during the quarter. The gains and losses arising from investment sales and the revaluation gains or losses are allocated to the endowment funds (or a restricted fund where there is no associated endowment). Previously, the investment management fees were allocated to restricted or unrestricted funds. The Trustees consider that the investment management fees are directly related to the investment gains and losses and, therefore, should be allocated in the same way as the gains or losses ie across the endowment funds (or restricted fund where there is no associated endowment). As a result, the fund opening balances have been restated.

2. Legal status of the House

The House is a charity registered in Scotland under the Charities and Trustee Investment (Scotland) Act 2005.

3. Related party transactions and Trustees' expenses and remuneration

The Trustees all give freely of their time and expertise without any form of remuneration or other benefit in cash or kind (2019: £nil). Expenses paid to the Trustees in the year totalled £nil (2020: £nil).

During the year the following related party transactions took place:

- the House paid Directors Liability Insurance premiums of £469 (2020: £235).
- donations of £23,685 were received from directors during the year (2020 - £7,423).
- Ronald Inglis is a director of Mitchells Robertson Ltd who provided legal services during the year costing £5,299 (2020 - £9,952).
- Katy Wedderburn is a partner of MacRoberts who provided legal services during the year costing £2,796 (2020 - £1,385).
- Angus Kerr is a director of Rathbones who provided investment services during the year. Investment management fees of £48,286 were paid during the year (2020 - £31,171).

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. Income from donations and legacies

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Grants and donations	56,151	27,691	56,151	27,691
Legacies	-	-	-	-
	<u>56,151</u>	<u>27,691</u>	<u>56,151</u>	<u>27,691</u>

5. Income from other trading activities

		Group		Charity	
		2021 £	2020 £	2021 £	2020 £
Rental income	serviced units	264,515	315,397	-	-
	hall and room hire and events	143,713	51,333	-	-
Service charge income		202,777	275,323	-	-
Local Government grant		-	25,000	-	-
Government grants		3,703	8,942	3,703	8,942
Administrative income		30,500	26,560	30,500	26,560
		<u>645,208</u>	<u>702,555</u>	<u>34,203</u>	<u>35,502</u>

The wholly owned trading subsidiary Ship Venture Limited is incorporated in the United Kingdom (company number SC166242) and pays all its taxable profits to the House under the gift aid scheme. Ship Venture Limited's core business is that of management and rental of property and all commercial trading operations carried on at its Glasgow premises. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2021 £	2020 £
Rental income and service charges	611,005	642,053
Cost of sales and administration costs	(460,024)	(485,029)
Local Government grant	-	25,000
Interest receivable	8	159
Net profit	<u>150,989</u>	<u>182,183</u>
Amount gift aided to the House	(202,783)	(213,940)
Retained in subsidiary	<u>(51,794)</u>	<u>(31,757)</u>

The assets and liabilities of the subsidiary were:

Fixed Assets	175,686	222,781
Current assets	550,982	662,106
Current liabilities	(459,561)	(565,986)
Total net assets	<u>267,107</u>	<u>318,901</u>
Aggregate share capital and reserves	<u>267,107</u>	<u>318,901</u>

6. Investment income

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Dividends and interest – equities and bonds	210,557	276,192	210,557	276,192
Interest on cash deposits	38	240	30	81
Gift aid from subsidiary	-	-	202,783	213,940
	<u>210,595</u>	<u>276,432</u>	<u>413,370</u>	<u>490,213</u>

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Raising funds – expenditure on other trading activities – Group

	Direct Costs £	Support Costs £	Total 2021 £	Total 2020 £
Ship Venture direct costs	460,024	-	460,024	485,029
House support costs	-	98,295	98,295	89,997
	<u>460,024</u>	<u>98,295</u>	<u>558,319</u>	<u>575,026</u>

8. Raising funds - Investment and management costs - Group and Charity

	Direct Costs £	Support Costs £	Total 2021 £	Total 2020 £
Investment management fees	48,285	-	48,285	31,171
Professional fees directly related to a fund	-	-	-	-
	<u>48,285</u>	<u>-</u>	<u>48,285</u>	<u>31,171</u>

9. Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table below:

Cost type	Governance	Other support	Total	Governance	Other support	Total	Basis of apportionment
	related	costs	allocated	related	costs	allocated	
	£	£	£	£	£	£	
Staff costs	9,911	123,157	133,068	9,780	121,103	130,883	Staff time
Office costs	1,969	30,842	32,811	1,269	19,891	21,160	Staff time
Total	<u>11,880</u>	<u>153,999</u>	<u>165,879</u>	<u>11,049</u>	<u>140,994</u>	<u>152,043</u>	

Governance costs:

	2021 £	2020 £
Auditor's remuneration	6,570	4,759
Support costs (see above)	<u>11,880</u>	<u>11,049</u>
	<u>18,450</u>	<u>15,808</u>

Allocation of governance and other support costs:

	2021 £	2020 £
Grants payable	58,994	53,144
Benefits payable	15,158	13,661
Raising funds	<u>98,297</u>	<u>89,997</u>
Total allocated	<u>172,449</u>	<u>156,802</u>

10. Analysis of expenditure on charitable activities - Group and Charity

	Grants Payable £	Benefits Payable £	2021 Total £	Grants Payable £	Benefits Payable £	2020 Total £
Grants payable (note 11)	220,297	-	220,297	171,236	-	171,236
Benefits payable to individuals	-	108,480	108,480	-	125,829	125,829
Staff costs	16,400	2,050	18,450	16,400	2,050	18,450
Governance costs (note 9)	14,760	3,690	18,450	12,646	3,162	15,808
Support costs	44,234	11,468	55,702	40,498	10,499	50,997
Group and Charity total	<u>295,691</u>	<u>125,688</u>	<u>421,379</u>	<u>240,780</u>	<u>141,540</u>	<u>382,320</u>

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11. Analysis of grants

	Unrestricted £	Restricted £	Total 2021 £	Unrestricted £	Restricted £	Total 2020 £
Grants to institutions						
Govan Home and Education Link Project (Govan)	-	15,000	15,000	-	-	-
Mission to Seamen (Belfast)	-	11,850	11,850	-	-	-
GCC laptops	-	10,000	10,000	-	-	-
Ocean Youth Trust	-	10,000	10,000	-	-	-
Richmond's Hope	-	10,000	10,000	-	-	-
Scottish Huntington's Association	-	10,000	10,000	-	-	-
Scottish Nautical Welfare Society	-	10,000	10,000	-	-	-
Finding Your Feet	-	8,850	8,850	-	-	-
The Royal Liverpool Seamen's Orphan Institute	-	8,500	8,500	-	-	-
Nemo Arts	-	6,100	6,100	-	-	-
Shopmobility Paisley & District	-	6,000	6,000	-	-	-
3D Drumchapel	5,000	-	5,000	-	-	-
Citywise Mentoring Ltd	5,000	-	5,000	-	-	-
Good Morning Project Limited	5,000	-	5,000	-	-	-
NHS gifts	-	5,000	5,000	-	-	-
Paisley & District Battalion The Boys Brigade	-	5,000	5,000	-	-	-
Tannahill Arts	-	5,000	5,000	-	-	-
Corra Foundation	-	-	-	-	50,000	50,000
Renfrew YMCA	-	-	-	-	10,000	10,000
Renfrewshire Foodbank	-	-	-	-	10,000	10,000
St Vincent's Hospice	-	-	-	-	10,000	10,000
BB Glasgow	-	-	-	5,000	-	5,000
Engage Renfrewshire	-	-	-	-	5,000	5,000
Junction 12	-	-	-	-	5,000	5,000
The Wheely Boat Trust	-	-	-	-	5,000	5,000
Scottish Families Affected by Alcohol/Drugs	-	-	-	-	5,000	5,000
Greater Glasgow NHS (children's' gifts)	-	-	-	-	5,000	5,000
Awards between £3,001 and £5,000	7,500	35,737	43,237	3,000	19,066	22,066
Awards between £2,001 and £3,000	2,500	9,260	11,760	2,570	10,500	13,070
Awards of £2,000	-	18,000	18,000	4,000	12,000	16,000
Awards between £1,001 and £1,999	1,500	4,500	6,000	1,850	1,250	3,100
Awards of £1,000	-	5,000	5,000	-	7,000	7,000
Awards less than £1,000	-	-	-	-	-	-
	26,500	193,797	220,297	16,420	154,816	171,236
Governance, staff and support costs	58,994	16,400	75,394	53,144	16,400	69,544
Total	85,494	210,197	295,691	69,564	171,216	240,780

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11. Analysis of grants (continued)

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	2021	£	£	2020
			£			£
Grants by category:						
Care for - Disabled & Ailing	-	45,076	45,076	-	10,000	10,000
Cancer Sufferers	-	3,500	3,500	-	10,000	10,000
Elderly	13,500	36,850	50,350	-	10,000	10,000
Youth	-	13,000	13,000	5,850	31,000	36,850
Drug & alcohol dependant	-	2,500	2,500	-	5,000	5,000
Homeless	2,500	2,500	5,000	-	51,000	51,000
Bereaved	-	10,000	10,000	-	-	-
Relief for - Carers	-	-	-	-	5,066	5,066
Deprived	-	29,850	29,850	-	12,000	12,000
Children	4,000	8,500	12,500	-	6,500	6,500
Promotion of - Music	-	1,000	1,000	-	6,000	6,000
Theatre	-	5,000	5,000	3,000	-	3,000
Architectural/environment	-	-	-	-	1,250	1,250
Sport	-	-	-	-	-	-
Education - Youth Organisations	-	-	-	5,000	-	5,000
Primary/Secondary	5,000	14,000	19,000	-	-	-
Sail training / outward bound	-	10,000	10,000	-	-	-
Others	-	2,010	2,010	-	-	-
Rehabilitation	-	2,000	2,000	-	-	-
Miscellaneous	1,500	8,011	9,511	2,570	7,000	9,570
	26,500	193,797	220,297	16,420	154,816	171,236
Governance, staff and support costs	58,994	16,400	75,394	53,144	16,400	69,544
Total	85,494	210,197	295,691	69,564	171,216	240,780

A full list of grants paid is available on the website.

12. Net income for the year

This is stated after charging:	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Depreciation	59,679	59,335	-	-
Auditor's remuneration:				
Audit fees	10,598	7,209	5,928	3,853
Non-audit fees	642	906	642	906

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13. Analysis of staff costs and remuneration of key management personnel

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Salaries and wages	136,960	135,434	136,960	135,434
Social security costs	7,980	7,478	7,980	7,478
Pension contributions	6,578	6,421	6,578	6,421
Total staff costs and employee benefits	151,518	149,333	151,518	149,333

	2021	2020
	£	£
Key management personnel remuneration	109,445	104,533

No employees had employee benefits in excess of £60,000 (2020 £nil).

	2021	2020
	No.	No.
The average weekly number of persons, by headcount, employed by the House during the year was:	6	7

14. Tangible Fixed Assets - Group

	Heritable	Equipment	Total
	Property	£	£
	£	£	£
Cost or valuation			
At 1 January 2021	1,052,844	109,695	1,162,539
Additions	9,123	3,462	12,585
Disposals	(38,167)	-	(38,167)
At 31 December 2021	1,023,800	113,157	1,136,957
Depreciation			
At 1 January 2021	222,154	51,402	273,556
Charge for the year	43,348	16,331	59,679
Disposals	(38,167)	-	(38,167)
At 31 December 2021	227,335	67,733	295,068
Net book value			
At 31 December 2021	796,465	45,424	841,889
At 31 December 2020	830,690	58,293	888,983

At 31 December 2021 all fixed assets were held for mixed use.

Tangible Fixed Assets - Charity

	Heritable
	Property
	£
Cost or valuation	
At 1 January 2021 and At 31 December 2021	666,200
Depreciation	
At 1 January 2021 and At 31 December 2021	-
Net book value	
At 31 December 2021 and 31 December 2020	666,200

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. Heritage Assets

The House holds a collection of antique furniture, fine artwork, 20th century decorative furniture, statues & sculptures, silver and the Chains of Office of the Lord Dean and Vice-Dean. The collection is not capitalised in the balance sheet as the Trustees consider that the benefit of valuing the collection does not justify the costs that would be incurred. In March 2019 the collection was valued for insurance purposes at £272,300.

Antique Furniture / 20th Century decorative furniture

The collection includes various furniture items which are situated throughout the House in the Grand Hall, the Directors' Room, the Lord Dean's Room, the Vestibule and the James McCune Smith Room. The items include Edwardian hat stands, Victorian chairs, 19th Century chandeliers, mahogany chairs, side tables, mahogany and panel boards, a model tobacco ship, a Steinway grand piano and the door of the old Merchants House in the Bridgegate.

Fine Artwork

The art collection contains portraits of past Deans of Guild as well as several people of importance to the House along with paintings of local landmarks. The artwork is on display in the Grand Hall, the Directors' Room, the Lord Dean's Room and the James McCune Smith Room.

Statues & Sculptures

The House has a carved white marble bust of both James Ewing of Strathleven and James Buchanan, together with a marble statue of Kirkman Findlay.

Silver

The Silver consists of three items - a Sheffield plated decorated tea tray, a pair of Sheffield plated Candelabra and a William IV decorated waiter.

16. Investments

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Investments	10,455,240	9,627,173	10,455,240	9,627,173
Subsidiary Undertaking	-	-	200,000	200,000
	<u>10,455,240</u>	<u>9,627,173</u>	<u>10,655,240</u>	<u>9,827,173</u>

	2021 £	2020 £
Movement in fixed asset listed investments		
Market value brought forward	9,627,173	10,331,471
Additions to investments at cost	816,519	3,285,517
Increase in cash investments	20,830	21,368
Disposals at carrying value	(1,021,489)	(4,056,510)
Net gain on revaluation	1,012,207	45,327
Market value carried forward	<u>10,455,240</u>	<u>9,627,173</u>

Realised gains on investments were £67,784 (2020 realised losses of £636,264).

	2021 £	2020 £
Investments at fair value comprised:		
Equities	10,369,724	9,562,487
Cash	85,516	64,686
Total	<u>10,455,240</u>	<u>9,627,173</u>

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Investments (continued)

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the House is considered in the financial review and investment policy and performance sections of the Report of the Directors.

The House manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The House does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5-year period will normally be corrected.

Subsidiary

The House holds 50,000 shares of £1 each in its wholly owned trading subsidiary company Ship Venture Limited which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of this company are summarised in note 5.

17. Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	17,068	36,803	144	500
Other debtors	212,466	246,934	9,630	4,441
Due from group undertaking	-	-	203,244	258,107
	<u>229,534</u>	<u>283,737</u>	<u>213,018</u>	<u>263,048</u>

18. Creditors: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	27,601	19,097	237	1,503
Accrual for grants payable	5,920	29,217	5,920	29,217
Other creditors and accruals	244,844	285,131	19,897	5,808
Taxation and social security costs	4,006	13,730	-	2,769
Due to group undertaking	-	-	-	-
	<u>282,371</u>	<u>347,175</u>	<u>26,054</u>	<u>39,297</u>

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Charitable funds – Group

Analysis of Fund movements

	2020 Balance					2021 Balance
	b/fwd (restated)	Income	Expenditure	Transfers	Gains	c/fwd
	£	£	£	£	£	£
Unrestricted funds						
Property	866,200	-	-	-	-	866,200
Carol Richmond Charitable Trust	2,306	1,581	(1,750)	-	-	2,137
Total designated funds	868,506	1,581	(1,750)	-	-	868,337
General funds	1,425,000	794,511	(729,657)	10,823	116,168	1,616,845
Total unrestricted funds	2,293,506	796,092	(731,407)	10,823	116,168	2,485,182
Endowment funds						
Historical Endowments	3,306,830	-	(16,599)	60,614	375,196	3,726,041
Benjamin MacKay Trust *	255,526	-	(1,411)	-	31,890	286,005
Bogles of Gilmorehill Bursaries	111,217	-	(770)	-	17,427	127,874
Buchanan & Ewing Bequests	175,216	-	(934)	-	21,104	195,386
Carol Richmond Charitable Trust *	69,895	-	(363)	-	8,192	77,724
Commercial Travellers of Scotland	166,210	-	(887)	-	20,075	185,398
George Craig Trust	407,117	-	(2,081)	-	47,023	452,059
Glasgow Nursing & Medical Relief *	620,902	-	(3,182)	-	71,934	689,654
Inverclyde Bequest	1,715,485	-	(8,957)	-	202,457	1,908,985
MacPherson Charitable Trust	105,571	-	(530)	-	11,977	117,018
Morgan Mortification	483,513	-	(2,521)	-	56,992	537,984
RNVR Club (Scot) Memorial Trust *	207,324	-	(1,131)	-	25,581	231,774
Stephen Bicentenary Trust	53,737	-	(318)	(60,614)	7,195	-
Ure Elder Trust	245,463	-	(1,305)	-	29,484	273,642
Total endowment funds	7,924,006	-	(40,989)	-	926,527	8,809,544
Restricted funds						
Benjamin MacKay Trust	25,543	6,158	(4,750)	-	-	26,951
Bogles of Gilmorehill Bursaries	42,373	3,365	(500)	-	-	45,238
Buchanan & Ewing Bequest	10,792	4,076	(5,500)	-	-	9,368
CJRS grants	-	3,703	(3,703)	-	-	-
Commercial Travellers of Scotland	10,729	3,877	(5,000)	-	-	9,606
Dr James Black's Trust	27,170	595	(387)	-	3,084	30,462
George Craig Trust	7,320	9,080	(17,170)	6,100	-	5,330
Glasgow Nursing & Medical Relief	13,095	13,890	(16,100)	-	-	10,885
Inverclyde Bequest	68,867	39,092	(51,730)	-	-	56,229
Keir Trust	120,058	2,631	(1,102)	-	13,621	135,208
Matthew B Campbell Trust	71,430	-	(49,010)	-	-	22,420
Morgan Mortification	18,782	11,004	(4,761)	(6,100)	-	18,925
RNVR Club (Scot) Memorial Trust	18,144	4,964	(10,750)	-	-	12,358
Stephen Bicentenary Trust	9,683	1,390	(250)	(10,823)	-	-
Underwood Trust	603,694	6,344	(70,474)	-	20,591	560,155
Ure Elder Trust	14,392	5,693	(14,400)	-	-	5,685
Total restricted funds	1,062,072	115,862	(255,587)	(10,823)	37,296	948,820
TOTAL FUNDS	11,279,584	911,954	(1,027,983)	-	1,079,991	12,243,546

* These funds permit the utilisation of capital as well as income.

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Charitable funds - Group (continued)

Analysis of Fund movements - prior year

	2019 Balance b/fwd	Prior year adjustment	Income	Expenditure	Transfers	(Losses)	2020 Balance c/fwd (restated)
	£	£	£	£	£	£	£
Unrestricted funds							
Property	866,200		-	-	-	-	866,200
Carol Richmond Charitable Trust	2,570	446	2,110	(2,820)	-	-	2,306
Total designated funds	868,770	446	2,110	(2,820)	-	-	868,506
General funds	1,295,220	20,885	845,822	(734,097)	65,557	(68,387)	1,425,000
Total unrestricted funds	2,163,990	21,331	847,932	(736,917)	65,557	(68,387)	2,293,506
Endowment funds							
Historical Endowments	3,543,802	(20,563)	-	(11,045)	-	(205,364)	3,306,830
Benjamin MacKay Trust	274,995	(1,654)	-	(910)	-	(16,905)	255,526
Bogles of Gilmorehill Bursaries	121,847	(889)	-	(498)	-	(9,243)	111,217
Buchanan & Ewing Bequests	188,086	(1,081)	-	(602)	-	(11,187)	175,216
Carol Richmond Charitable Trust	75,083	(446)	-	(242)	-	(4,500)	69,895
Commercial Travellers of Scotland	178,830	(1,103)	-	(587)	-	(10,930)	166,210
George Craig Trust	436,686	(2,536)	-	(1,380)	-	(25,653)	407,117
Glasgow Nursing & Medical Relief	665,566	(3,829)	-	(2,084)	-	(38,751)	620,902
Inverclyde Bequest	1,839,672	(10,770)	-	(5,789)	-	(107,628)	1,715,485
MacPherson Charitable Trust	112,404	(320)	-	-	-	(6,513)	105,571
Morgan Mortification	518,943	(2,997)	-	(1,656)	-	(30,777)	483,513
RNVR Club (Scot) Memorial Trust	222,997	(1,377)	-	(729)	-	(13,567)	207,324
Stephen Bicentenary Trust	58,128	(366)	-	(205)	-	(3,820)	53,737
Ure Elder Trust	263,693	(1,509)	-	(853)	-	(15,868)	245,463
Total endowment funds	8,500,732	(49,440)	-	(26,580)	-	(500,706)	7,924,006
Restricted funds							
Benjamin MacKay Trust	16,708	1,654	7,931	(750)	-	-	25,543
Bogles of Gilmorehill Bursaries	37,648	889	4,336	(500)	-	-	42,373
Buchanan & Ewing Bequest	4,963	1,081	5,248	(500)	-	-	10,792
CJRS grants	-	-	8,942	(8,942)	-	-	-
Commercial Travellers of Scotland	9,797	1,103	5,129	(5,300)	-	-	10,729
Dr James Black's Trust	28,381	-	771	(338)	-	(1,644)	27,170
George Craig Trust	6,005	2,536	12,036	(23,325)	10,068	-	7,320
Glasgow Nursing & Medical Relief	3,136	3,829	18,180	(12,050)	-	-	13,095
Inverclyde Bequest	17,612	10,770	50,495	(10,010)	-	-	68,867
Keir Trust	126,855	-	3,449	(2,895)	-	(7,351)	120,058
Matthew B Campbell Trust	96,932	(2)	-	(25,500)	-	-	71,430
Morgan Mortification	12,164	2,997	14,439	(750)	(10,068)	-	18,782
RNVR Club (Scot) Memorial Trust	11,150	1,377	6,367	(750)	-	-	18,144
Social Impact Partnership (SIP)	115,557	-	-	(50,000)	(65,557)	-	-
Stephen Bicentenary Trust	7,775	366	1,792	(250)	-	-	9,683
Underwood Trust	682,817	-	12,186	(78,460)	-	(12,849)	603,694
Ure Elder Trust	10,138	1,509	7,445	(4,700)	-	-	14,392
Total restricted funds	1,187,638	28,109	158,746	(225,020)	(65,557)	(21,844)	1,062,072
TOTAL FUNDS	11,852,360	-	1,006,678	(988,517)	-	(590,937)	11,279,584

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Charitable funds (continued)

- a) The unrestricted funds are available to be spent for any of the purposes of the House.

The Trustees have created the following designated funds:

Heritable Property

The property is held to generate rental income which the House can then use in line with its charitable objectives and activities. The fund covers both the property and the related investment in Ship Venture Limited.

Carol Richmond Charitable Trust

The income is applied for the benefit of Giffnock South Parish Church. £1,500 was paid out in the year.

- b) Endowment funds and Restricted funds comprise;

Historical Endowments (Endowment fund):

These endowment funds comprise individual endowment funds where the original purpose of the fund has been extinguished or there are no remaining beneficiaries. Under the terms of the endowments the House can use the income as the Trustees see fit. The funds included within the balance are as follows: Ridge Beedle, Simon Dallas, Daniel Duncan, Rebecca Edgar, John Farquhar, Gardiner, Lawrence Glen, James Grant, Dr James McCallum, Sir George Mitchell, Marjory Shanks Schaw, Johnstone Smith, Templeton, Waugh's Bequest, Glasgow Corn Trade funds and Scottish Retail Credit Trust.

The Benjamin MacKay Trust (Endowment fund and Restricted fund):

This trust was received by the House in July 2013. The House has undertaken to distribute at least one/seventh of the income generated each year to charitable organisations within the Lenzie/Kirkintilloch area. This fund permits the House to distribute capital as well as income. Awards of £4,000 were made during the year.

The Boggles of Gilmorehill Bursaries (Endowment fund and Restricted fund):

The Boggles of Gilmorehill Bursaries were established in 1992 by a gift of £50,000 from Ellen Bogle and Robert Bogle, descendants of the family which owned the Gilmorehill land on which the University of Glasgow is built. Awarded annually to home based graduate students undertaking a Masters Degree course in the Faculties of Divinity or Social Sciences and recommended to us by the University, the Bursaries are intended to benefit students whose financial needs are not met from public funds. No awards were made during the year.

The Buchanan and Ewing Bequest (Endowment fund and Restricted fund):

These grants are made specifically to Education Institutions to aid study. Awards of £5,000 were made during the year.

Carol Richmond Charitable Trust (Endowment fund and Designated fund):

Funds were transferred to the House in July 2006. This fund permits the House to distribute capital as well as income.

Commercial Travellers of Scotland Benevolent Fund for Widows and Orphans (Endowment fund and Restricted fund):

On 30th September 2009, the whole funds of the Commercial Travellers of Scotland Benevolent Fund for Widows and Orphans were transferred to the House on the understanding that the House would thereafter administer the funds in accordance with the objects of the House. There were 3 beneficiaries and payments of £4,500 were made during the year.

Dr James Black's Trust (Restricted fund):

This small Trust was transferred to the House in August 2012 with a value of £17,981. It was principally for the benefit of retired domestic servants, but The House can also use it to disburse for other purposes. No disbursements were made in the year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Charitable funds (continued)

George Craig Trust (Endowment fund and Restricted fund):

Grants awarded by the George Craig Trust Committee amounted to £16,420, ranging from £1,200 to £2,500. These grants were given to assist in the education of 9 students. The Trustees benefited from the receipt of two-thirds of the free annual revenue of The Morgan Mortification.

The Glasgow Nursing and Medical Relief Association (Endowment fund and Restricted fund):

The whole funds of The Glasgow Nursing and Medical Relief Association were transferred to the House in 2006, on the understanding, incorporated into a formal undertaking, that the House would thereafter administer the fund in accordance with the wishes of the directors as expressed by them, prior to the dissolution and winding up of the Association. This fund permits the House to distribute capital as well as income. The fund is now managed by The Glasgow Nursing and Medical Relief Association Committee. In accordance with its brief, awards of £15,100 have been made to certain medical and nursing related charitable organisations in Glasgow and one retired member.

Inverclyde Bequest (Endowment fund and Restricted fund): The Inverclyde Bequest Fund was founded in 1906. During the past year the sum of £49,700 has been distributed in accordance with the terms of the bequest for the relief of seamen belonging to the Mercantile Marine of the Commonwealth and the United States, their wives, widows, children and family dependents. The funds are distributed directly to charities in Scotland, England and to Missions in the New York and Boston Districts.

The Keir Trust (Restricted fund):

This Trust was originally set up by Mrs Helen Pottage, who had a lifelong interest in the arts. The Trust was transferred to the House in March 2012, with the Investment value of £92,808 at the time, together with a residual cash balance of £3,298. This Trust must be used to benefit the greater good, rather than pensioners. No awards were made in the year.

MacPherson Charitable Trust (Endowment fund):

Funds of £58,065 were transferred to the House in February 2005. Income generated from this fund is treated as unrestricted.

The Matthew B Campbell Trust (Restricted fund):

This trust was received by the House in April 2011. The House's guidance is to distribute the Fund within a 10 year period, 1/3rd of the fund going to charities in Paisley and District area, with 2/3rd being distributed within the West of Scotland area. £44,010 was awarded to charities during the year.

The Morgan Mortification (Endowment fund and Restricted fund):

1/3 of the income generated from this fund is paid as a grant to the Presbytery of Glasgow. Awards of £4,011 were made in the year. Two-thirds of the free annual revenue is transferred to the George Craig fund.

RNVR Club (Scotland) Memorial Trust (Endowment fund and Restricted fund):

The whole funds of RNVR Club (Scotland) Memorial Trust were transferred to The House in 2006, on the understanding that The House would thereafter administer the fund in accordance with the objects of the Trust. This fund permits the House to distribute capital as well as income. Awards of £10,000 were made in the year.

Social Impact Partnership (Restricted fund):

The House set up this fund to support areas of critical social need. The project completed its objectives in 2020 and the remaining balance has been transferred into the unrestricted general fund. In total, £150,000 has been transferred to the Corra Foundation under the Social Impact Partnership initiative over a period of years. More details of how these funds were applied to relieve homelessness can be found in the Impact Report available on the House website.

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Charitable funds (continued)

Stephen Bicentenary Trust (Endowment fund and Restricted fund):

This fund was to be paid to pension beneficiaries. There are no longer any beneficiaries for this fund and the remaining balances have been transferred to unrestricted general fund and historical endowments.

The Underwood Trust (Restricted fund):

A substantial donation was received by the House from the Underwood Trust in June 2013. The purpose of the Fund is to assist financially the deprived people of Glasgow and its surrounding environs (50%) and Paisley and its environs (50%). The disbursement is capital and interest over a period between 10 to 15 years. During the year awards totalling £63,926 were distributed to 16 charities. Awards are made in accordance with The House's own guidelines: -

- Organisations providing care and assistance to groups of or concerned with disabled, elderly or terminally ill, and socially deprived
- Organisations providing care, advancement and rehabilitation of youth
- Universities, colleges of further education and schools.

The Ure Elder Trust (Endowment fund and Restricted fund):

The Ure Elder Trust was transferred to the House in 2018. This fund is to be applied for the prevention or relief of poverty, the advancement of health, the advancement of education, the advancement of heritage and culture (including maintaining and keeping in good order and condition the burial ground in the Glasgow Necropolis forming Compartment Epsilon No. 278 and the Monument erected thereon), the relief of those in need or for any other charitable purpose. Focus is placed on the Greater Glasgow and Govan areas. Awards and beneficiary payments of £10,240 were made in the year.

Management Fee

The expenditure shown against each fund above includes the management fees paid to the House.

20. Allocation of net group assets over funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2021 £
Fixed assets	841,889	-	-	841,889
Investments	1,087,503	558,193	8,809,544	10,455,240
Current assets	832,241	396,547	-	1,228,788
Current liabilities	(276,451)	(5,920)	-	(282,371)
	2,485,182	948,820	8,809,544	12,243,546
	Unrestricted Funds (restated) £	Restricted Funds (restated) £	Endowment Funds (restated) £	Total 2020 (restated) £
Fixed assets	888,983	-	-	888,983
Investments	988,059	715,108	7,924,006	9,627,173
Current assets	744,420	366,183	-	1,110,603
Current liabilities	(327,958)	(19,217)	-	(347,175)
	2,293,504	1,062,074	7,924,006	11,279,584

THE MERCHANTS HOUSE OF GLASGOW

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Net income / (expenditure) for the year (as per the Statement of Financial Activities)	963,962	(572,776)	1,015,756	(541,019)
Adjustments for:				
Depreciation charges	59,679	59,335	-	-
Dividends and interest	(210,595)	(276,432)	(413,370)	(490,213)
(Gains) / losses on investments	(1,079,991)	590,937	(1,079,991)	590,937
Decrease in debtors	54,203	35,383	38,873	17,480
Decrease in creditors	(64,804)	(25,020)	(13,243)	(111,354)
Net cash (used in) operating activities	(277,546)	(188,573)	(451,975)	(534,169)

22. Analysis of cash and cash equivalents

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Cash in hand	999,254	826,866	668,032	443,556
Total cash and cash equivalents	999,254	826,866	668,032	443,556

23. Prior period adjustment

Reconciliation of changes in equity

	Group	Charity
	2020	2020
	£	£
Equity as previously reported	11,279,584	11,160,680
Adjustments to prior year		
Reallocation of investment management fees away from unrestricted funds	21,331	21,331
Reallocation of investment management fees away from restricted funds	28,109	28,109
Reallocation of investment management fees to endowment funds	(49,440)	(49,440)
Equity as adjusted	11,279,584	11,160,680

Reallocation of investment management fees

Investment management fees are incurred quarterly and are calculated with reference to the investment valuation during the quarter. The gains and losses arising from investment sales and the revaluation gains or losses are allocated to the endowment funds (or a restricted fund where there is no associated endowment). Previously, the investment management fees were allocated to restricted or unrestricted funds. The Trustees consider that the investment management fees are directly related to the investment gains and losses and, therefore, should be allocated in the same way as the gains or losses ie across the endowment funds (or restricted fund where there is no associated endowment). As a result, the fund opening balances have been restated.