

THE MERCHANT COMPANY ENDOWMENTS TRUST
Charity No: SC002002

Trustees' Annual Report and Financial Statements

For the year ended 31 July 2024

THE MERCHANT COMPANY ENDOWMENTS TRUST

Trustees' Annual Report and Financial Statements

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Reference and administrative details

Principal Office

The Merchants' Hall
22 Hanover Street
Edinburgh
EH2 2EP

Chief Executive Officer

Guy Cartwright

Auditors

Henderson Loggie LLP
The Stamp Office, Level 5
10-14 Waterloo Place
Edinburgh
EH1 3EG

Investment Managers

Cazenove Capital Management Limited
24-25 Charlotte Square
Edinburgh
EH2 4ET

Bankers

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2AD

Solicitors

Morton Fraser
Quartermile Two
2 Lister Square
Edinburgh
EH3 9GL

THE MERCHANT COMPANY ENDOWMENTS TRUST

The Trustees' Annual Report

For the year ended 31 July 2024

The Trustees during the period were:-

Master of the Company	Until November 2023
Master of the Company	From November 2023
Master of the Company	Until November 2024
Master of the Company	From November 2024
Treasurer of the Company	Until November 2023
Treasurer of the Company	From November 2023
Treasurer of the Company	Until November 2024
Treasurer of the Company	From November 2024
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Chair Charities	
	From November 2023
	From November 2023
	From November 2023
Chair F&A	From November 2023
Chair ELC	From November 2024
	From November 2024
	From November 2024
	From November 2024
	From July 2024
	From July 2024
	From July 2024
	From July 2024
	From July 2024
	Until August 2024
	From November 2024

THE MERCHANT COMPANY ENDOWMENTS TRUST

The Trustees' Annual Report *(continued)*

For the year ended 31 July 2024

Structure, governance and management

Nature of governing document

The trust is a body corporate of charitable status. The constitution of the trust is contained in the Edinburgh Merchant Company Order Confirmation Act 1996 (Part IV). The constitution is available on the website www.mcoe.org.uk.

Appointment of trustees

The Endowments Trust members are as follows:

- a. The Master, the Treasurer and the 12 Assistants of the Company of Merchants of the City of Edinburgh for the time being, ex officio.
- b. Five members to be elected by the Council for the City of Edinburgh.
- c. Two ministers of the Edinburgh Presbytery of the Church of Scotland to be elected by the said Presbytery.
- d. Three persons to be elected by the Company of Merchants of the City of Edinburgh from among the Members.

The election of the elected members of the Endowments Trust shall take place annually at any General Meeting of the Company of Merchants of the City of Edinburgh in November.

Any member of the Endowments Trust, upon the expiry of his/her term of office, shall be eligible for re-election unless otherwise disqualified under the Edinburgh Merchant Company Order Confirmation Act 1996.

The Chairman of the Endowments Trust is the Master of the Royal Company of Merchants of the City of Edinburgh or in his or her absence, the Treasurer.

There were no transactions with connected parties except in the ordinary course of business.

Policies and procedures for induction and training of Trustees

In January 2023 a training session on Scottish charity regulations and the duties of charity trustees was provided by the Company lawyers and was attended by the majority of Trustees. The Trust also offers a variety of training opportunities through a variety of professional advisors.

Decision-making structure

Policies and strategy are agreed by the Trustees at their regular meetings. The charitable work of the Trust is carried out by the Royal Company of Merchant Charities Committee, chaired by one of the Trustees. The administration of the Trust is carried out by the Secretary and Chamberlain, the Almoner and the team of the Royal Company of Merchants of the City of Edinburgh.

Risk Management

The Trustees recognise their responsibility to regularly assess main risks and aim to mitigate exposure to these risks.

Principal significant risks are major repairs and vacancies in the property portfolio and fluctuations in the value and dividends in the investment portfolio.

THE MERCHANT COMPANY ENDOWMENTS TRUST

The Trustees' Annual Report *(continued)*

For the year ended 31 July 2024

Objectives and activities

Endowment Trust

The objective of the Trust is to provide assistance to decent, peaceable men and women aged at least 55 on 1 July in the year of their election, unless, at a younger age they are certified on medical grounds as being unable to earn their living. Beneficiaries must be persons who have lived or worked in the City of Edinburgh or the County of Midlothian. Assistance may be given by way of cash grant, pension, gift of appliances, provision of accommodation and other support. The Trust funds an Almoner to give personal contact and further finance and care to beneficiaries where needed. The Trust consists of general funds which are also applied in connection with running the Sir William Fraser Homes (The Fraser Trust). There are also two funds which are administered separately by the Trust; The Russell and Foster Endowment and The Sir John Foster Fraser Bequest. The Trust owns two groups of flats which are rented at social housing and mixed rent rates to frail and elderly people and managed by Dunedin Canmore Housing Association.

The Fraser Trust (Sir William Fraser Homes)

The Fraser Trust was wound up in 1997 but the Endowments Trust continues to maintain the homes in terms of Section 114 of the Constitution, either by providing them to poor persons resident in the City of Edinburgh or Midlothian with preference given to authors and artists, or by letting to tenants on a commercial basis with the rents received, after payment of the costs incurred in maintaining the properties, being directed towards providing accommodation for needy citizens of Edinburgh.

The Russell and Foster Endowment

The Russell and Foster Endowment was formed from the estate of the late Henry W Russell in 1954. It is required that the fund is administered by the Endowments Trust as a separate fund. The free income is applied by the Trust in payment of annual pensions to respectable indigent Protestant men and women at a rate of £600 per annum. In the year no grants were made (2023 – £nil). The fund value at 31 July 2024 was £509,055 (2023 - £471,429).

The Sir John Foster Fraser Bequest

The Foster Fraser Bequest was formed from a bequest by the late Sir John Foster Fraser in 1961. It is required to be administered as a separate fund by the Endowments Trust who must have regard to applying funds towards helping people “engaged in the literary profession, scientists, artists, musicians, educationalists and other cultural Scottish people who have fallen on hard times.” In the year, no grants were made (2023- £nil) and the fund value at 31 July 2024 was £168,085 (2023 - £160,168).

Grant making policy

Grants are paid in accordance with the objectives set out in the Trust purposes above. The Almoner makes an assessment and reports to the Trustees, to enable decisions on which Grants should be made.

Following discussions among the trustees it was concluded that the current rules governing the Endowments Trust restricted the ways in which assistance could be given to deserving and qualified causes. At a meeting of the Members on 8 December 2021 the Members resolved to make an application to OSCR for a charity reorganisation scheme for variation of the Constitution so as to:-

- Expand the purposes of the Charity to allow its resources to be applied for wider purposes and to benefit a wider class of beneficiaries;
- Recognise that the Fraser Trust has been wound up; and
- Make certain administrative changes, including to add provisions to the Constitution which would allow the Members to amend the Constitution subject to the consent of, or intimation to OSCR, in terms of the 2005 Act.

THE MERCHANT COMPANY ENDOWMENTS TRUST

The Trustees' Annual Report *(continued)*

For the year ended 31 July 2024

Objectives and activities *(continued)*

An application to change the constitution was submitted to OSCR in April 2024. The application was approved in December 2024 and the impact will principally be to :

- Enable assistance to be given to organisations as well as individuals
- Allow projects benefiting people under the age of 55 to be supported
- Allow for the William Fraser Homes to be sold, and the proceeds reinvested in projects with the same charitable purposes.

Financial review

The group's net expenditure after gains and losses for the year was £104,122 compared with the previous year's net expenditure of £60,370. This was after realised and unrealised gains on listed investments of £187,494 (2023: losses of £52,763) and a loss on revaluation of investment property of £130,000 (2023: £315,000).

It is the policy of the Trustees that any realised gains on investments are re-invested within the portfolio. It is the policy of the Trustees to keep and maintain their properties.

The financial statements have been prepared in accordance with the statutory requirements of the Trust Constitution (Edinburgh Merchant Company Order Confirmation Act 1996, Part VI Sections 92 to 127).

The Trust's income is derived mainly from heritable investments and quoted investments. The wholly owned subsidiary company MCET Ltd donates its profits to the Trust under the Gift Aid Scheme and this has enabled the Trustees to increase the level of reserves in order to fund the project outlined under "Achievements and performance."

The Royal Company of Merchants of the City of Edinburgh provides administration and accounting services for the Trust. During the year under review the Endowments Trust group paid costs totalling £130,475 (2023: £114,133) which were recharged by the Royal Company of Merchants of the City of Edinburgh.

Investment policy

It is the Trustees' policy to invest in such a way that both investment growth and regular investment income is available to meet the needs of the Trust. This has been achieved by keeping the portfolio of both properties and listed investments under regular review.

(a) Listed investments

The portfolio has been managed by Cazenove Capital Management Limited since October 2014. Details of the portfolio are shown in Note 10.

(b) Properties

The Trust owns a parade of shops at Drumsheugh in Edinburgh plus a private car park. The Trust has appointed Ryden, Property Consultants as the factor for these properties. The factor's responsibility includes carrying out the scheduled rent reviews, negotiation and settlement, the collection of rents and the maintenance of the car park.

The Trust owns the entire share capital of MCET Ltd, a company which owns a domestic let property in Hillside Street, Edinburgh.

Reserves policy

It is the Trustees' policy to maintain a level of endowed reserves that will provide sufficient income to cover the Trust's regular commitments. Reserves in excess of this are available for disbursement.

THE MERCHANT COMPANY ENDOWMENTS TRUST

The Trustees' Annual Report *(continued)*

For the year ended 31 July 2024

Reserves policy *(continued)*

The unrestricted reserves for the Endowments Trust General Fund at 31 July 2024 were £21,050,709. This generated income before investment gains and losses of £3,541, which was sufficient to cover disbursement of charitable funds and cover the finance of the expansion of the Trust's property used for charitable purposes, thus fitting the reserves policy.

Achievements and performance

Beneficiaries

During the year, The Endowments Trust paid annuities to 399 beneficiaries. £330 each was paid on 31 December 2023 and 30 June 2024. In addition, a Christmas gift of £50 each was paid in December 2023.

A number of other beneficiaries received gift vouchers or white goods during the year.

Investment performance

The investment performance is compared with industry benchmarks regularly and the income generated was considered to be in accordance with the investment policy. Performance is kept under review with regular meetings with the investment managers.

Plans for future periods

The Trustees have considered the future strategy of the Trust, and have received approval from OSCR to widen the scope of charitable giving while remaining within the original parameters of the various Trusts to increase the amount of grants which are given each year.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' 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 to charities 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 of the incoming resources and application of resources of the charity 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 of the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution. 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.

THE MERCHANT COMPANY ENDOWMENTS TRUST

The Trustees' Annual Report (continued)

For the year ended 31 July 2024

Statement of disclosure to auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees 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.

On behalf of the Trust:



.....22nd April 2025



Master

THE MERCHANT COMPANY ENDOWMENTS TRUST

Independent Auditor's Report to the Trustees

For the Year Ended 31 July 2024

Opinion

We have audited the financial statements of The Merchant Company Endowments Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2024 which comprise the group and charity Statement of Financial Activities, the group and charity Balance Sheet, the group and trust Statement of Cash Flows and the related 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 July 2024, and of the group's and 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.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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.

THE MERCHANT COMPANY ENDOWMENTS TRUST

Independent Auditor's Report to the Trustees *(continued)*

For the Year Ended 31 July 2024

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 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and 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 group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the group and parent charity has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the group and parent charity. We determined that the following were most relevant: FRS 102, Health and Safety, GDPR; and Charity law.
- We considered the incentives and opportunities that exist in the group and parent charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the group and parent charity, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

THE MERCHANT COMPANY ENDOWMENTS TRUST

Independent Auditor's Report to the Trustees *(continued)*

For the Year Ended 31 July 2024

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of board and sub-committee meetings for discussions of irregularities including fraud;
- Review of legal and professional fee expenditure;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular carrying value of investment properties, valuation of bad debt provision, and assumptions regarding defined benefit pension liability;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- Testing key revenue lines, in particular cut-off, for evidence of management bias; and
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

Owing to the inherent limitations of an audit, there is unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the 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. The primary responsibility for the prevention and detection of irregularities and fraud rests with the members.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 charity's trustees, as a body, in accordance with 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.



Henderson Loggie LLP

Chartered Accountants

Statutory Auditor

Henderson Loggie LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

The Stamp Office, Level 5

10-14 Waterloo Place

Edinburgh

EH1 3EG

..... 2025

THE MERCHANT COMPANY ENDOWMENTS TRUST
Group and Trust Statements of Financial Activities (incorporating an Income and Expenditure Account)
For the year ended 31 July 2024

	Notes	Unrestricted Funds General Fund £	Restricted Funds Foster Fraser £	Russell & Foster £	Trust 2024 Total £	2023 Total £	Group 2024 Total £	2023 Total £
Income:								
Income from investments	3	673,691	2,991	8,313	684,995	591,189	566,895	756,199
Income from charitable activities	4	328,116	-	-	328,116	314,838	328,116	314,838
Total income and endowments		1,001,807	2,991	8,313	1,013,111	906,027	895,011	1,071,037
Expenditure on:								
Raising funds	5	(274,471)	(111)	(2,410)	(276,992)	(133,259)	(273,900)	(145,446)
Charitable activities	6	(723,795)	-	-	(723,795)	(567,446)	(798,282)	(591,074)
Total expenditure		(998,266)	(111)	(2,410)	(1,000,787)	(700,705)	(1,072,182)	(736,520)
Net income before gains and losses		3,541	2,880	5,903	12,324	205,322	(177,171)	334,517
Realised (losses) on investments	9b	8,313	-	2,284	10,597	(43,953)	10,597	(43,953)
Unrealised (losses)/gains on investments	9b	142,421	5,037	29,439	176,897	(8,810)	176,897	(8,810)
Revaluation of investment properties	9a	(130,000)	-	-	(130,000)	(1,485,000)	(130,000)	(315,000)
Realised gain on investment properties	9a	-	-	-	-	-	15,555	-
Deferred tax on revalued assets	9c	-	-	-	-	-	-	(27,124)
Fair value movement in subsidiary	9c	(173,940)	-	-	(173,940)	1,272,071	-	-
Net (expenditure)/income		(149,665)	7,917	37,626	(104,122)	(60,370)	(104,122)	(60,370)
Reconciliation of funds:								
Total funds brought forward		20,523,234	160,168	471,429	21,154,831	21,215,201	21,154,831	21,215,201
Total funds carried forward		20,373,569	168,085	509,055	21,050,709	21,154,831	21,050,709	21,154,831

THE MERCHANT COMPANY ENDOWMENTS TRUST
Group and Trust Balance Sheets as at 31 July 2024

	Notes	Unrestricted Funds General £	Restricted Funds Foster Fraser £	Russell & Foster £	Trust 2024 Total £	2023 Total £	Group 2024 Total £	2023 Total £
Fixed Assets								
Tangible Fixed Asset	8	5,628,112	-	-	5,628,112	5,775,800	5,628,112	5,775,800
Investments								
Property	9(a)	5,490,001	-	-	5,490,001	5,620,001	5,730,001	5,860,001
Listed investments	9(b)	1,999,912	95,297	421,840	2,517,049	2,344,339	2,517,049	2,344,339
Investment in MCET Ltd	9(c)	5,459,450	-	-	5,459,450	5,633,389	-	-
Total Fixed Assets		18,577,475	95,297	421,840	19,094,612	19,373,529	13,875,162	13,980,140
Current Assets								
Debtors	10	162,061	-	37	162,098	141,551	169,488	240,070
Inter-company control account MCET	10	100,528	-	-	100,528	100,528	-	5,000,000
Cash at bank and in hand		2,196,287	72,788	87,178	2,356,253	2,140,035	7,712,646	2,623,324
Total Current Assets		2,458,876	72,788	87,215	2,618,879	2,382,114	7,882,134	7,863,394
Liabilities								
Creditors: Amounts falling due within one year	12	(328,049)	-	-	(328,049)	(200,251)	(344,731)	(261,018)
Net current assets		2,130,827	72,788	87,215	2,290,830	2,181,863	7,537,403	7,602,376
Total assets less current liabilities assets		20,708,302	168,085	509,055	21,385,442	21,555,392	21,412,565	21,582,516
Creditors due after more than one year	13	(334,732)	-	-	(334,732)	(400,561)	(334,732)	(400,561)
Provisions for liabilities and charges	14	-	-	-	-	-	(27,124)	(27,124)
Total net assets		20,373,570	168,085	509,055	21,050,710	21,154,831	21,050,709	21,154,831
The funds of the charity								
Non distributable investment property reserve	15	5,373,412	-	-	5,373,412	5,503,412	6,186,371	6,300,816
Revenue reserve	15	9,002,684	55,717	65,017	9,123,418	9,285,035	8,310,460	8,487,631
Endowed Reserve	15	5,997,473	112,368	444,038	6,553,879	6,366,384	6,553,879	6,366,384
Total charity funds		20,373,569	168,085	509,055	21,050,709	21,154,831	21,050,709	21,154,831

Approved and authorised for issue on behalf of the Trustees on 22nd
April 2025

[Redacted Signature]

- Master

THE MERCHANT COMPANY ENDOWMENTS TRUST
Group and Trust Statement of Cash Flows
At as 31 July 2024

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Cash flows from operating activities				
Net (expenditure)/income	(101,549)	(60,370)	(104,122)	(60,370)
Losses/(gains) on investments	(187,494)	52,763	(187,494)	52,763
FV movement in subsidiary	171,367	(1,272,071)	-	-
FV Movement in properties	130,000	1,485,000	130,000	315,000
Decrease/(increase) in debtors	(20,547)	(29,395)	70,582	13,718
(Decrease)/increase in creditors	127,802	(18,246)	83,717	12,318
Depreciation charges	147,688	148,131	147,688	148,131
Gains on sale of current asset investments	-	-	(15,555)	-
Dividends and interest	(99,247)	(63,852)	(131,943)	(67,724)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash provided by/(used in) operating activities	168,020	241,960	(7,127)	413,836
Cash flows from investing activities				
Dividends and interest	99,247	63,852	131,943	67,724
Proceeds from sale of current asset investments	-	-	5,015,555	-
Payments to acquire investments	(539,422)	(887,698)	(539,422)	(887,698)
Proceeds from the sale of investments	512,966	978,794	512,966	978,794
Other movements on investments	-	680	-	680
	<hr/>	<hr/>	<hr/>	<hr/>
Cash provided by /(used in) investing activities	72,791	155,628	5,121,042	159,500
Cash flows from financing activities				
Repayment of bank loans	(65,832)	(65,832)	(65,832)	(65,832)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash used in financing activities	(65,832)	(65,832)	(65,832)	(65,832)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash movement in the year	174,979	331,756	5,048,083	507,504
Cash and cash equivalents at start of the year				
Cash at bank and in hand	2,140,035	1,883,023	2,623,324	2,190,564
Cash held in investment portfolio	237,067	162,323	237,067	162,323
	<hr/>	<hr/>	<hr/>	<hr/>
	2,377,102	2,045,346	2,860,391	2,352,887
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of the year				
Cash at bank and in hand	2,356,253	2,140,035	7,712,646	2,623,324
Cash held in investment portfolio	195,828	237,067	195,828	237,067
	<hr/>	<hr/>	<hr/>	<hr/>
	2,552,081	2,377,102	7,908,474	2,860,391
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE MERCHANT COMPANY ENDOWMENTS TRUST

Notes to the Financial Statements

For the year ended 31 July 2024

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the charity's financial statements.

a) Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, and in accordance with applicable accounting standards, as modified by the revaluation of UK listed investments and investment properties. The charity is a Public Benefit Entity and the financial statements comply with the charity's Constitution, the Statement of Recommended Practice (SORP) FRS 102 Accounting and Reporting by Charities, FRS 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

b) Basis of consolidation

The consolidated financial statements include the financial statements of the trust and of its subsidiary undertaking. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in year are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal.

c) Going concern

As recommended by the Financial Reporting Council, the trustees have prepared detailed budgets setting out the charity's expected performance over 12 months from approval of the financial statements. On the basis of these projections and having considered the charity's reserves and cash position, the trustees believe it is appropriate to prepare the financial statements on a going concern basis.

d) Income

Income is recognised when the charity has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably. Donations and similar incoming resources are recognised when the charity is entitled to it, usually on receipt. Income from investments is accounted for when the charity is entitled to the income based on rental agreements in place.

e) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the expenditure. The charity is not registered for VAT and accordingly costs are shown gross of irrecoverable VAT. Where directly attributable, expenditure is allocated to the relevant functional category.

Expenditure on raising funds includes the cost of investment management services and letting agency fees. Expenditure on charitable activities includes costs incurred by the charity in the letting of operational assets to the charity's beneficiaries. It includes both direct costs and the indirect costs necessary to support these activities.

Support costs are allocated between governance costs and other support costs. Governance costs comprise those costs involving the public accountability of the charity and its compliance with regulations and best practice. They therefore include the costs of statutory audit. Other support costs relate to the administrative costs of running the charity and are allocated to charitable activities accordingly.

f) Taxation

The Trust is a recognised charity and has no liability to taxation. Deferred taxation (arising within the subsidiary) is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

g) Fixed assets

Properties classified as investment properties are not depreciated. Properties used as social housing for public benefit are not classified as investment properties but as fixed assets and are depreciated.

Depreciation is provided on all fixed assets on book cost at rates and bases calculated to write off the cost of each asset over its expected useful life as follows:

Heritable Property	2%	Fixtures and Fittings	10%	IT Equipment	33%
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THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements *(continued)*
For the year ended 31 July 2024

1 Accounting Policies *(continued)*

h) Investment properties

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable properties, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the income and expenditure account.

i) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date by reference to the Stock Exchange mid prices. Realised and unrealised gains and losses are charged or credited in the statement of financial activities. The charity has no complex financial instruments. The main form of financial risk faced by the charity is that of volatility in the investment markets due to wider economic conditions. Investment income is recognised when receipt is probable.

j) Debtors

Other debtors are recognised at the settlement amount due.

k) Cash

Cash comprises cash at bank and in hand and short term liquid investments with a short term maturity date.

l) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a 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.

m) Pension

The Trust contributes to a defined benefit pension scheme, details of which are held in note 16 to the financial statements.

n) Reserves

General reserve - The general reserve is held for meeting the objectives of the Trust. Any year end surplus or deficit is applied to the general reserve.

Endowment reserve - Investments are held within an endowment reserve, income from which is used in furtherance of the Trust's activities. Unrealised gains and losses on investments are applied to each fund within the endowment reserves on the same proportion of investments held.

2 Purpose of the Trust Fund

In terms of the Merchant Company Order Act 1996 (Part VI) the free income of the Trust shall, after expenses of management and pensions of employees, be applied to the payment of annual ex gratia pensions or gifts of money and in providing lodging, clothing, food, fuel, furnishings and other benefits to qualifying persons.

THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements *(continued)*

For the year ended 31 July 2024

3 Income from investments

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Dividends	43,176	37,413	43,176	37,413
Distribution from subsidiary	338,520	194,075	-	-
Interest	56,071	26,439	88,767	30,311
Commercial letting income	247,228	333,262	434,953	688,475
	<u>684,995</u>	<u>591,189</u>	<u>566,895</u>	<u>756,199</u>

4 Income from charitable activities

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Domestic letting income	<u>328,116</u>	<u>314,838</u>	<u>328,116</u>	<u>314,838</u>

5 Expenditure on raising funds

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Professional fees for letting	36,746	28,863	36,746	29,827
Other costs of letting	169,124	44,738	171,276	45,177
	<u>205,870</u>	<u>73,601</u>	<u>208,022</u>	<u>75,004</u>
Total direct costs	205,870	73,601	208,022	75,004
Support costs (note 7)	57,121	45,930	51,877	56,714
	<u>262,991</u>	<u>119,531</u>	<u>259,899</u>	<u>131,718</u>
Total letting costs	262,991	119,531	259,899	131,718
Investment management fee	14,001	13,728	14,001	13,728
	<u>276,992</u>	<u>133,259</u>	<u>273,900</u>	<u>145,446</u>

6 Expenditure on charitable activities

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Professional fees – Cyrenians	47,341	44,959	47,341	44,959
Other professional fees	23,212	21,355	71,863	37,330
Direct support costs – JMH & Little Road	43,197	66,473	43,351	66,473
	<u>147,688</u>	<u>148,131</u>	<u>147,688</u>	<u>148,131</u>
Depreciation	147,688	148,131	147,688	148,131
Grants to beneficiaries	359,717	195,883	359,717	195,883
	<u>621,155</u>	<u>476,801</u>	<u>669,960</u>	<u>492,776</u>
Total direct costs	621,155	476,801	669,960	492,776
Support costs (note 7)	90,190	80,221	106,342	80,221
Governance costs – audit fee	9,450	10,424	16,785	18,077
Governance costs – non-audit fees	3,000	-	5,195	-
	<u>723,795</u>	<u>567,446</u>	<u>798,282</u>	<u>591,074</u>

THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements (continued)
For the year ended 31 July 2024

7 Support costs

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Costs recharged by the Merchant Company	119,765	103,423	130,475	114,133
Bank charges	404	453	602	527
Ex gratia pensions	-	97	-	97
Past service cost	-	-	-	-
Loan interest	27,142	22,178	27,142	22,178
	<u>147,311</u>	<u>126,151</u>	<u>158,219</u>	<u>136,935</u>
Total support costs	<u>147,311</u>	<u>126,151</u>	<u>158,219</u>	<u>136,935</u>
<i>Allocated on a pro rata basis as follows;</i>				
Raising funds	57,121	45,930	51,877	56,714
Charitable activities	90,190	80,221	106,342	80,221
	<u>147,311</u>	<u>126,151</u>	<u>158,219</u>	<u>136,935</u>

8 Fixed assets

	JMH Heritable Property £	JMH Furniture and Fittings £	Little Road, Liberton, Phase 1&2 Heritable Property £	Computer Equipment £	Trust 2024 £	Group 2024 £
Cost						
At 31 July 2023	3,499,038	5,748	3,885,349	1,331	7,391,466	7,391,466
Additions	-	-	-	-	-	-
	<u>3,499,038</u>	<u>5,748</u>	<u>3,885,349</u>	<u>1,331</u>	<u>7,391,466</u>	<u>7,391,466</u>
At 31 July 2024	3,499,038	5,748	3,885,349	1,331	7,391,466	7,391,466
	<u>3,499,038</u>	<u>5,748</u>	<u>3,885,349</u>	<u>1,331</u>	<u>7,391,466</u>	<u>7,391,466</u>
Depreciation						
At 31 July 2023	909,751	5,748	698,836	1,331	1,615,666	1,615,666
Charge for the year	69,981	-	77,707	-	147,688	147,688
	<u>979,732</u>	<u>5,748</u>	<u>776,543</u>	<u>1,331</u>	<u>1,763,354</u>	<u>1,763,354</u>
At 31 July 2024	979,732	5,748	776,543	1,331	1,763,354	1,763,354
	<u>979,732</u>	<u>5,748</u>	<u>776,543</u>	<u>1,331</u>	<u>1,763,354</u>	<u>1,763,354</u>
Net book value						
At 31 July 2024	<u>2,519,306</u>	<u>-</u>	<u>3,108,806</u>	<u>-</u>	<u>5,628,112</u>	<u>5,628,112</u>
At 31 July 2023	<u>2,589,287</u>	<u>-</u>	<u>3,186,513</u>	<u>-</u>	<u>5,775,800</u>	<u>5,775,800</u>

THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements (continued)
For the year ended 31 July 2024

9 Investments

(a) Properties held for investment purposes – held in the UK.

Investment properties	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Fair value				
Sir William Fraser Homes	2,940,000	3,020,000	2,940,000	3,020,000
Drumsheugh shops and car park	2,550,000	2,600,000	2,550,000	2,600,000
Feu	1	1	1	1
Hillside Street	-	-	240,000	240,000
	<u>5,490,001</u>	<u>5,620,001</u>	<u>5,730,001</u>	<u>5,860,001</u>
Costs				
Sir William Fraser Homes	74,283	74,283	74,283	74,283
Drumsheugh shops and car park	188,155	188,155	188,155	188,155
Feu	1	1	1	1
Hillside Street	-	-	82,500	82,500
	<u>262,439</u>	<u>262,439</u>	<u>344,939</u>	<u>344,939</u>

The market value is determined by the Master's Court on the advice of property professionals.

(b) Listed investments

<i>Investments held on recognised Stock Exchange – held in the UK</i>	Investments	Cash	Group & Trust 2024	Group & Trust 2023
	£	£	£	£
Value of portfolio at 31 July 2023	2,107,273	237,066	2,344,339	2,413,134
Purchases	539,422	(539,422)	-	-
Disposal proceeds	(512,966)	512,966	-	-
Realised gains/(losses)	10,597	-	10,597	(43,953)
Unrealised gains/(losses)	176,897	-	176,897	(8,810)
Management fee	-	(14,001)	(14,001)	(13,728)
Dividend movement	-	50,760	50,760	39,235
Cash movement	-	(51,541)	(51,541)	(42,539)
Value of portfolio at 31 July 2024	<u>2,321,223</u>	<u>195,828</u>	<u>2,517,049</u>	<u>2,344,339</u>

The portfolio has been managed by Cazenove Capital Management Limited and they are invested in accordance with the objectives agreed by the Trustees. All investments are carried at their fair value. Investments in equities and bonds are traded in quoted public markets. Holdings in multi-asset funds are at bid price. The basis of fair value for quoted investments is equivalent to market value, using the bid price. Asset sales and purchases are recognised at the date of trade at their transaction value.

THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements (continued)
For the year ended 31 July 2024

9 Investments (continued)

The main risk to the trust from financial instruments lies in the combination of uncertain investment markets and volatility to growth and incomes. The Trust's investment strategy is to maximise income and ensure capital growth of funds in excess of inflation each year and as such the portfolio is invested in medium to high risk stocks. Liquidity risk is anticipated to be low as all assets are traded in markets with good liquidity and high trading volumes and this is expected to continue. The Trust manages these investment risks by retaining expert advisors to manage its investment portfolio. The investment policy is reviewed annually to ensure the protection of the real value of the portfolio in the longer term.

	2024	2023
The portfolio is invested in:		
Equities and bonds	93.4%	89.9%
Cash	6.6%	10.1%
	<u>100.00%</u>	<u>100.00%</u>

(c) Investment in subsidiary

MCET Ltd (SC215839) is a wholly owned subsidiary which owns property at Hillside Street, Edinburgh. The profit generated by the company from the let of property, will be used in accordance with the policy of the Endowments Trust. The results of MCET Limited included within the group results for the year are summarised below:

	2024	2023
	£	£
Turnover	187,725	355,215
Profit/(loss) for the year	164,581	1,466,146
Donation to parent company	(338,520)	(194,075)
	<u>(173,939)</u>	<u>1,272,071</u>
Net assets	5,459,450	5,633,389
	<u>5,459,450</u>	<u>5,633,389</u>
	2024	2023
	£	£
Investment properties	240,000	240,000
Net current assets	5,246,574	5,420,513
Provisions for liabilities	(27,124)	(27,124)
Net assets	5,459,450	5,633,389
	<u>5,459,450</u>	<u>5,633,389</u>
Represented by:		
Share capital	4,129,207	4,129,207
Non-distributable property reserve	-	1,310,376
Distributable reserve	1,330,243	193,806
Total shareholders' funds	5,459,450	5,633,389

THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements (continued)
For the year ended 31 July 2024

10 Debtors

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Sundry debtors	162,098	141,551	169,488	240,070
Amounts due from subsidiary	100,528	100,528	-	-
	<u>262,626</u>	<u>242,079</u>	<u>169,488</u>	<u>240,070</u>

11 Current asset investments

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Property held for resale	-	-	-	5,000,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>

Property held for resale represents the investment property at Albany Street that was previously held as a fixed asset investment and subsequently sold in the current final year.

12 Creditors: amounts falling due within one year

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Vat payable	-	-	-	16,837
Deferred income	62,325	57,708	62,325	90,764
Audit fee accrual	9,450	10,200	18,645	17,400
Committed grants (unrestricted)	-	20,000	-	20,000
Sundry creditors	190,445	46,511	197,932	50,185
Loan due to Royal Bank of Scotland	65,829	65,832	65,829	65,832
	<u>328,049</u>	<u>200,251</u>	<u>344,731</u>	<u>261,018</u>

	Trust 2024 £	Trust 2023 £	Group 2024 £	Group 2023 £
Deferred income				
Deferred income at 1 August 2023	57,708	4,830	57,708	35,407
Resources deferred during the year	62,325	57,708	62,325	90,764
Amounts released from previous year	(57,708)	(4,830)	(57,708)	(35,407)
	<u>62,325</u>	<u>57,708</u>	<u>62,325</u>	<u>90,764</u>

THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements *(continued)*
For the year ended 31 July 2024

13 Creditors: due after more than one year

	Group & Trust 2024 £	Group & Trust 2023 £
RBS -Bank loan	334,732	400,561
	<u>=====</u>	<u>=====</u>

In the financial year to 31 July 2009 the Endowments Trust borrowed £1.3m from the Royal Bank of Scotland, to assist with the development of sheltered housing flats (Jack Martin House) for the Frail and Elderly at Brandfield Street, Edinburgh. The loan is repayable in 240 monthly instalments starting September 2010, the last of which is in August 2030.

<i>Analysis of debt</i>	Group & Trust 2024 £	Group & Trust 2023 £
Due within 1 year	65,829	65,832
Due between 1 and 2 years	65,832	65,832
Due between 2 and 5 years	197,496	197,496
Due after 5 years	71,404	137,233
	<u>400,561</u>	<u>466,393</u>
	<u>=====</u>	<u>=====</u>

14 Provision for liabilities and charges

	Trust 2024	Trust 2023	Group 2024	Group 2023
Movement on deferred tax provision				
At 1 August 2023	-	-	27,124	-
Movement in year	-	-	-	27,124
	<u>-</u>	<u>-</u>	<u>27,124</u>	<u>27,124</u>
At 31 July 2024	<u>-</u>	<u>-</u>	<u>27,124</u>	<u>27,124</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Notes to the Financial Statements *(continued)*
For the year ended 31 July 2024

15 Funds	<u>Unrestricted</u>	<u>Restricted</u>		Endowments Trust Total 2024 £	Group Total 2024 £
	General Fund 2024 £	Foster Fraser 2024 £	Russell & Foster 2024 £		
Non-distributable property reserve					
At beginning of year	5,503,412	-	-	5,503,512	6,300,816
Revaluation of properties in year	(130,000)	-	-	(130,000)	(130,000)
Net gains/(losses) on investment properties	-	-	-	-	15,555
At end of year	5,373,412	-	-	5,373,412	6,186,371
	=====	=====	=====	=====	=====
Revenue Reserve					
At beginning of year	9,173,084	52,837	59,114	9,285,035	8,487,631
Incoming resources	1,001,807	2,991	8,313	1,013,111	895,011
Outgoing resources	(998,267)	(111)	(2,410)	(1,000,788)	(1,072,182)
Profit/(loss) on investment in subsidiary	(173,940)	-	-	(173,940)	-
At end of year	9,002,684	55,717	65,017	9,123,418	8,310,460
	=====	=====	=====	=====	=====
Endowed reserve					
At beginning of year	5,846,738	107,331	412,315	6,366,384	6,366,384
Movement in year	150,734	5,037	31,723	187,494	187,494
At end of year	5,997,472	112,368	444,038	6,553,878	6,553,878
	=====	=====	=====	=====	=====
Total funds at end of year 2024	20,373,569	168,085	509,055	21,050,709	21,050,709
	=====	=====	=====	=====	=====

THE MERCHANT COMPANY ENDOWMENTS TRUST

Notes to the Financial Statements (continued)

For the year ended 31 July 2024

15 Funds (continued)

	General Fund	Foster Fraser	Russell & Foster	Endowments Trust Total	Group Total
	2023	2023	2023	2023	2023
Non-distributable property reserve					
At beginning of year	6,988,412	-	-	6,988,412	6,642,940
Revaluation of properties in year	-	-	-	-	-
Deferred tax on revalued assets	(1,485,000)	-	-	(1,485,000)	(315,000)
	<u>5,503,412</u>	<u>-</u>	<u>-</u>	<u>5,503,412</u>	<u>6,327,940</u>
Revenue Reserve					
At beginning of year	7,704,260	48,979	54,403	7,807,642	8,153,114
Incoming resources	893,995	4,969	7,063	906,027	1,071,037
Outgoing resources	(697,242)	(1,111)	(2,352)	(700,705)	(736,520)
Profit on investment in subsidiary	1,272,071	-	-	1,272,071	-
	<u>9,173,084</u>	<u>52,837</u>	<u>59,114</u>	<u>9,285,035</u>	<u>8,487,631</u>
Endowed reserve					
At beginning of year	5,889,495	111,183	418,469	6,419,147	6,419,147
Revaluation in year	(42,757)	(3,852)	(6,154)	(52,763)	(52,763)
	<u>5,846,738</u>	<u>107,331</u>	<u>412,315</u>	<u>6,366,384</u>	<u>6,366,384</u>
Total funds at end of year 2023	<u>20,523,234</u>	<u>160,168</u>	<u>471,429</u>	<u>21,154,831</u>	<u>21,154,831</u>

General Funds

These funds are used to provide assistance by way of cash grant, pension, gift of appliances, provision of accommodation and other support to qualifying persons who have lived or worked in the City of Edinburgh or the County of Midlothian. These include running the Sir William Fraser Homes (The Fraser Trust), Spylaw Street Cottages and Jack Martin House

The Russell and Foster Endowment

The Russell and Foster Endowment was formed from the estate of the late Henry W Russell in 1954. It is required that the fund is administered by the Endowments Trust as a separate fund. The free income is applied by the Trust in payment of annual pensions to respectable indigent Protestant men and women.

The Sir John Foster Fraser Bequest

The Foster Fraser Bequest is required to be administered as a separate fund by the Endowments Trust. No payments were made during the year. The free income is applied in helping people “engaged in the literary profession, scientists, artists, musicians, educationalists and other cultural Scottish people who have fallen on hard times.”

THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements *(continued)*
For the year ended 31 July 2024

16 Pensions

The Endowments Trust has no active members of the Merchant Company Retirement Benefits Scheme, a defined benefits scheme. The assets of the scheme are held separately from those of the Royal Company of Merchants of the City of Edinburgh in an independent administered fund. The scheme is funded and at the last FRS 102 valuation by Mercer, as at 31 July 2024 shows a surplus. At the triennial valuation, as at 31 July 2021, a funding level of 99% was confirmed. During the year, the Trust made no contribution towards the past service deficit (2023 £15,411). On the 31 October 2011, the scheme was closed to future accrual.

The following information is based on the FRS 102 valuation of the fund at 31 July 2024:-

	2024	2023
	% p.a	% p.a
Price Inflation rate (RPI)	3.10	3.10
Price Inflation rate (CPI)	2.85	2.80
Salary increase rate	4.10	4.10
Discount rate	4.90	5.20

Life expectancy is based on the CMI Mortality Projections Model 2021 converging to 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	20.7	22.6
Future pensioners	22.0	24.1

The net pension (deficit)/asset was:

	2024	2023
	£000	£000
Estimated employer assets	1,206	1,153
Present value of scheme liabilities	(738)	(738)
Effect of asset ceiling	(468)	(415)
Net pension (deficit)/asset	- =====	- =====

An asset ceiling adjustment has been made to prevent the Company recognising a pension asset as any surplus in the scheme belongs to the members.

THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements *(continued)*
For the year ended 31 July 2024

16 Pensions (continued)

Reconciliation of fair value of scheme assets:

	2024 £000	2023 £000
Opening fair value of scheme assets	1,153	1,251
Expected return on assets	58	43
Contributions by employer	-	13
Actuarial gains/(losses)	54	(97)
Estimated benefits paid	(48)	(57)
Administration expenses paid from assets	(10)	-
	<u>1,206</u>	<u>1,153</u>

Reconciliation of defined benefit obligation:

	2024 £000	2023 £000
Opening defined fair value obligation	738	939
Interest cost	37	32
Actuarial gains/(losses)	12	(176)
Estimated benefits paid	(48)	(57)
	<u>738</u>	<u>738</u>

17 Financial instruments

	Trust 2024	Trust 2023	Group 2024	Group 2023
Carrying amount of financial assets				
Assets measured at fair value through profit and loss	<u>8,007,050</u>	<u>7,964,340</u>	<u>8,247,050</u>	<u>13,204,340</u>

Financial assets measured at fair value through profit and loss represent listed investments and investment properties

18 Related party transactions.

Some staff and overhead expenses of the Trust are met by the Royal Company of Merchants of the City of Edinburgh and are recharged. The value of the recharge during the year was £103,423 (2023: £92,644). At the year end the balance due to the Royal Company of Merchants of the City of Edinburgh was £720 (2023: £3,672).

The Trust's subsidiary, MCET Limited, donated funds of £338,520 (2023: £194,075) during the year. The amount due to the Trust at the year end and included within debtors was £100,528 (2023: £100,528).

During the year no trustees received any remuneration (2023: £nil) or any reimbursement of expenses (2023: £nil).

19 Ultimate controlling party

The charity is constituted under the Edinburgh Merchant Company Order Confirmation Act 1996 (Part IV) and is controlled by its elected trustees.

THE MERCHANT COMPANY ENDOWMENTS TRUST
Notes to the Financial Statements *(continued)*
For the year ended 31 July 2024

20 Commitments

Operating lease - rental income

Future minimum rents receivable under non-cancellable operating leases are as follows

	Trust 2024	Trust 2023	Group 2024	Group 2023
Within 1 year	462,010	494,218	462,705	887,313
Within 2-5 years	1,894,619	2,082,921	1,894,619	2,508,021
Later than 5 years	3,381,417	3,651,769	3,381,417	3,651,769
	<u>5,738,045</u>	<u>6,228,908</u>	<u>5,738,740</u>	<u>7,047,103</u>