

The Willow Tea Rooms Trust SCIO
Report and Consolidated Financial Statements
For the year ended 31st March 2022
Scottish Charity No. SC044931

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The Willow Tea Rooms Trust SCIO

Reference and Administrative Details *for the Year Ended 31 March 2022*

Registered Name The Willow Tea Rooms Trust

Registered Office

Chairman

Trustees

Bankers

Handelsbanken
206 St Vincent Street
Glasgow
G2 5SG

Bankers

Unity Trust Bank PLC
PO Box 7193
Planetary Road
Willenhall
WV1 9DG

Auditors

Consilium Audit Limited (Statutory Auditor)
169 West George Street
Glasgow
G2 2LB

Solicitors

Anderson Strathern
1 Rutland Court
Edinburgh
EH3 8EY

Charity Registration Number

SC044931

The Trustees present their report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the charity's Constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Chairman's Statement for the Year Ended 31 March 2022

Objectives and Activities

The charity was established in June 2014 and our objectives were :

- To raise approximately £10m to purchase, conserve and restore Charles Rennie Mackintosh's and Miss Catherine Cranston's remarkable Willow Tea Rooms at 217 Sauchiehall Street, Glasgow, precisely as they were in 1903 and to create an adjoining, integrated state-of-the-art interactive exhibition and visitor centre, learning and education suite, conference facilities and retail facility, with much needed accessibility, to explain this "living breathing museum";
- To create a sustainable future for the building and to preserve its historical, cultural and social legacy for Glasgow, for Scotland and for the world.

We successfully pursued these objectives and Mackintosh at the Willow was officially opened by the King and Queen (then the Duke and Duchess of Rothesay) on 7th September 2018.

The historic Tea Rooms, exhibition and visitor centre and other facilities now form an outstanding living, breathing museum, enabling the public to access and experience this Mackintosh masterpiece as it was originally designed and to learn about the life and work of Mackintosh and his wife, Margaret Macdonald.

The primary objectives having been achieved, the Trust's ongoing challenge is to maintain the "Living Museum" in its historic condition and develop further our cultural, educational and social activities and extend their impact.

Mackintosh at the Willow

The end result of the Trust's restoration and conservation project is breathtaking.

Mackintosh at the Willow, the original Willow Tea Rooms, is now recognised as one of Scotland's historic, cultural and architectural jewels, the level of the experiential authenticity of which cannot be overstated. From the architectural design to the interiors, down to the finest detail of decoration and crockery, all are exactly as they were on the day it opened in 1903. This is the only example of a complete Mackintosh designed building that is open to the public and can be experienced as it was originally intended.

The building not only highlights the important contributions that Charles Rennie Mackintosh, his artist wife, Margaret Macdonald and entrepreneur, Catherine Cranston, made to Scotland's story, but it also enables visitors to enjoy an immersive experience of an important era in the nation's history. In it we bring their stories to life with expert tours and rare exhibits and with our interactive Community Learning and Education (CLE) programme and our training opportunities for marginalised young people.

Historians, academics and art lovers agree there are few places like Mackintosh at the Willow where the beauty of Charles Rennie Mackintosh's work can be experienced as he intended.

Tea Rooms performance and reputation

Mackintosh at the Willow is an inclusive and supportive business, sustaining 40 full and part-time jobs and provides skills development training through an authentic lived experience. All employees are actively encouraged to take on learning opportunities where available, completing personal and professional development courses through HIT Scotland and other external avenues.

The venue has been accredited as a 4 Star Visitor Attraction by The Scottish Tourist Board and has also been awarded the 'the Traveler's Choice' Award for the fourth consecutive year. It is now rated in the top 40 restaurants in Glasgow. The reviews on social media platforms all highlight 'friendly and helpful staff' and 'knowledgeable' tour guides, and many comment on it being the 'highlight' of their trip to Glasgow.

- 5pm.com - 5 star
- TripAdvisor - 4.5 star -
- Euans Guide - 5/5
- Yelp - 5/5
- Google Reviews - 4.6/5
- Dishcult - 4.67/5

However, Mackintosh at the Willow is so much more than that. It is life-enhancing and a catalyst for positive change.

As a beacon of hope for the City, we are inspiring people of all ages, backgrounds and abilities towards better futures and we are determined to welcome and support even more people and be seen as an increasingly positive influence for the City and beyond. Providing inspiration for everyone to progress is at the heart of what we do, and Mackintosh at the Willow is changing lives for the better.

Creative Learning & Engagement

Some believe heritage is only for those of privilege, but we see the potential for creative experience in every corner, space and item at Mackintosh at the Willow. That is why our accessible Community Learning and Education (CLE for short) programme brings history and heritage to life for everyone, no matter who they are.

The Trust provides free workshops to schools, colleges, universities and community groups and we are developing further our programmes for minority groups, vulnerable adults and older visitors, including those diagnosed with dementia.

Every Glasgow primary school has been invited to take part in free workshops and we provide tailored workshops for school classes with specific needs. Our community outreach goes further, using a museum 'handling box' delivered to schools who are unable to travel, and our free online resources support teaching at all levels of education.

We have already engaged with thousands of learners of all ages and abilities from around the world, delivering activities, tours and workshops in the building, and all free of charge.

Skills Development

Providing employment training can be the basis of hope, especially in a region where social mobility can be hard to come by.

We are proud to be working with the Prince's Trust, Action for Children, Hub International, Developing the Young Workforce and Career Ready, providing essential, practical training for marginalised young people in Glasgow. We are thrilled that 10 of our young trainees are completing their Hospitality and Front of House working towards their Scottish Vocational Qualifications.

To ensure positive employment experiences, we put the wellbeing of all our staff front and centre, prioritising mental health support, and providing mental health first aid training for all of our training mentors.

Community & Regeneration

The very essence of Mackintosh at the Willow is community. A place to come together and be together, no matter who you are. The Tea Rooms, Visitor Centre and Exhibition, Learning Suite and Gift Shop are a vital beacon of the regeneration of Sauchiehall Street, and communities across Glasgow.

The Trust's Creative Learning & Engagement programme,, inspired by the legacies of Charles Rennie Mackintosh and Catherine Cranston is a free, targeted programme of engagement which helps to connect and reconnect people to their cultural environments and historic national treasures.

Mackintosh at the Willow has a positive impact on the local community. Our presence provides a permanent, international, heritage tourist attraction. It continues to build strong community relationships with a wide range of multicultural groups as well as our retail and business neighbours.

Collaboration with partners offer opportunities to all, and our building enables wider access to work with organisations including LGBTQI Elders group, Scottish Dementia Network, Deafblind Scotland, AMINA – the Muslim Women's Friendship Group, Empower Women for Change and the positive outcome of every partnership shows us how we can change the lives of all those with whom we work.

Achievements and Performance

The year to 31 March 2022 was, in many respects, a milestone year for The Willow Tea Rooms Trust.

In January 2021, we had brought to a successful and acceptable conclusion both the negotiations on the payment of the final sum under the main project contract for the restoration works and also the snagging process which had been prolonged, intrusive and disruptive.

This meant that when, emerging from the restrictions brought about by Covid-19, and when the Trust's operating subsidiary was able to resume trading and its operation of Mackintosh at the Willow as a living and breathing museum, it was able to do so free of that intrusion and disruption. However, in common with all other hospitality venues and visitor attractions, footfall and turnover proved slow in returning to pre pandemic levels and the continuing circumstances in and around Sauchiehall Street continued to exacerbate this.

The Trust was successful in its non-domestic rates appeal, which resulted in a very substantial ongoing reduction in its rates liability.

In the wake of the pandemic, the securing of grant funding proved much more difficult than previously, with many grant making trusts and bodies focussing their giving on the perceived direct social and health impact and effects of the pandemic. However, with the support, particularly of our principal funders, National Lottery Heritage Fund and of Architectural Heritage Fund and the determination, skill and application of our staff and our Trustees we were able to negotiate, successfully, and emerge from, what were some very turbulent waters.

The period since the year end has seen a steady improvement in the trading results of Mackintosh at the Willow and, with the focussed pursuance of our fundraising strategy, we now have clearer visibility on more substantial grant funding going forward.

Heritage and culture are at the heart of what we do. Celebrating - and making available and accessible to all – this Charles Rennie Macintosh architectural masterpiece - and employing it as an effective and imaginative centre and driver for education and social impact.

Last year we welcomed over 250,000 visitors to Mackintosh at the Willow

And since we launched it in August 2018, we have, through our Community Learning and Education Programme, engaged with over 4000 participants of all ages and abilities - delivering activities, tours and workshops in the building - and all for free. Our Community Learning and Education work (CLE for short) tackles social isolation, raises community aspiration, improves wellbeing and creates life opportunities.

30% of participants are in formal education and 48% are from the top 20% of SIMD (ie Scottish Index of Multiple Deprivation) Areas

As noted earlier in this report, we are working in partnership with specifically women- led community groups from lower socioeconomic backgrounds, including AMINA – the Muslim Women’s Friendship Group, Kairos Women + and Empower Women for Change, the Women’s Centre and the Feel-Good Women’s Group.

Financial Review

The Consolidated Statement of Financial Activities on page 9 shows Net Expenditure (i.e. a Deficit) and a negative Net Movement in Funds for the year of £607,517 (2021: Surplus £1,143,213). At 31 March 2022, the charity had total funds of £4,317,630 (2021: £4,925,147) of which £4,306,374 related to General Funds (unrestricted) (2021: £4,925,147).

On a consolidated basis the Charity, together with its trading subsidiary, Mackintosh at the Willow Limited, has continued to face financial challenges that date back to the pandemic. During the year to 31 March 2022 trading levels recovered but were still short of pre-pandemic levels and also below the levels that the Trustees anticipated. This has put pressure on cash flows and the Trustees continue to monitor these closely on a day-to-day basis. There has also been a significant reduction on the level of grants and donations received during the year. The Trustees have, and continue to pursue, a number of opportunities to obtain grant funding from various public bodies. Whilst the Mackintosh legacy is a compelling proposition, the cost-of-living crisis, the restricted availability of public funding opportunities and the ever-increasing number of organisations seeking support, has resulted in it being increasingly challenging to obtain grant funding at the levels sought.

The Trustees continue to explore various funding opportunities and remain very positive regarding ongoing discussions that are taking place with public organisations and individual donors. The Trustees remain passionate about the importance of Mackintosh legacy on central Glasgow and it is clear that this view is shared by many other supporters.

Plans for the Future

Subsequent to the year end, the trading performance of Mackintosh at the Willow continues to improve and is current trading ahead of budget. There do remain, however, cash flow pressures and the Trustees are actively involved in initiatives to generate additional revenues, reduce the operating cost base and deal with cash flow pressures. This is in addition to undertaking strategic review as to how to ensure the long-term future and success of the Charity. Further information surrounding the going concern basis of preparation is provided in note 1 to the accounts. The Trustees are confident, based on ongoing discussions with potential public bodies and individuals that further grant funding and donations can be obtained to support the business going forward.

The continued and continuing growth in our events income is particularly encouraging and a reflection and result of the skill and endeavour of the MAW team - and our fast-growing reputation as a unique and very special events venue. Our domestic – Glasgow and wider Scottish - customer base is strong, and it is good to see that Tourists – particularly from overseas – are returning in significant numbers.

I am very pleased therefore to report that we expect the positive start this year to continue progressively and for us to start to see the good return on our investment in Mackintosh at the Willow which we anticipated.

Our marketing is proving to be effective, and, very recently we decided that now is the the time to increase our marketing investment - responsibly and effectively - and with a structured approach. That, we are confident, will continue to drive footfall, turnover and a wider awareness of what we offer in this wonderful and iconic building.

Sauchiehall Street remains a problem- but it also represents an opportunity for The Willow Tea Rooms Trust and Mackintosh at the Willow. We are now, I am pleased to say, recognised both as the Mackintosh Hub in Glasgow - and also as a key driver for increasing footfall and activity in Sauchiehall Street - and we are working with Glasgow City Council, the City Centre Task force and Glasgow Life to maximise our effectiveness in doing so.

Very shortly, we will be launching our strategy for the next five years - building on what we have achieved in the last five years – to change even more lives.

To achieve this, we will be setting out to raise £1m over the five-year period

- To secure experienced and specialist learning professionals, skilled in delivering our programme of work
- To enable us to ensure that all our staff can access training, wellbeing support and career progression that is right for them
- To further develop our Community Engagement - to enable us to provide resources, catering and outreach for communities across our region
- And to maintain the fabric of 215 and 217 Sauchiehall street to ensure that these unique spaces remain safe, secure and open for all to experience.

Reserves policy

At this point in time and particularly in light of the current pandemic the charity's activities the reserves policy being operated is focused on the short to medium term, to ensure that sufficient funds are available to satisfy any financial obligations that may arise in the foreseeable future, that being a period of three to six months.

In particular the Trustees are focussed on:

- Further improvements to the trading performance of the Charity's subsidiary, Mackintosh at the Willow Limited, through increased use of the public and increasing the number of events and functions held;
- Reducing the operating cost base;
- Securing further sources of grant funding and donations

Conclusion

In conclusion, we are and remain a Trust with a positive outlook

Key Management Personnel

The Trustees consider the Board and the senior management team comprising the Executive Director of the Trust and the Managing Director of MAW as the Key Management Personnel with regard to directing, controlling and running the group's daily activities. Details of remuneration paid to Key Management Personnel are disclosed in Note 8. The salaries of the Executive Director and the Managing Director of MAW are reviewed by the Board annually.

The Trustees serve voluntarily. No Trustee remuneration was paid during the year. Details of Trustee expenses and related party transactions are disclosed in Note 10.

Principal Funding Sources

Funding during the year has been substantially derived from grants, donations and other trading activities.

Risk Management

The trustees have assessed the risks to which the charity is exposed, in particular those related to the operations and finances of the charity and are satisfied that procedures are in place to mitigate these risks.

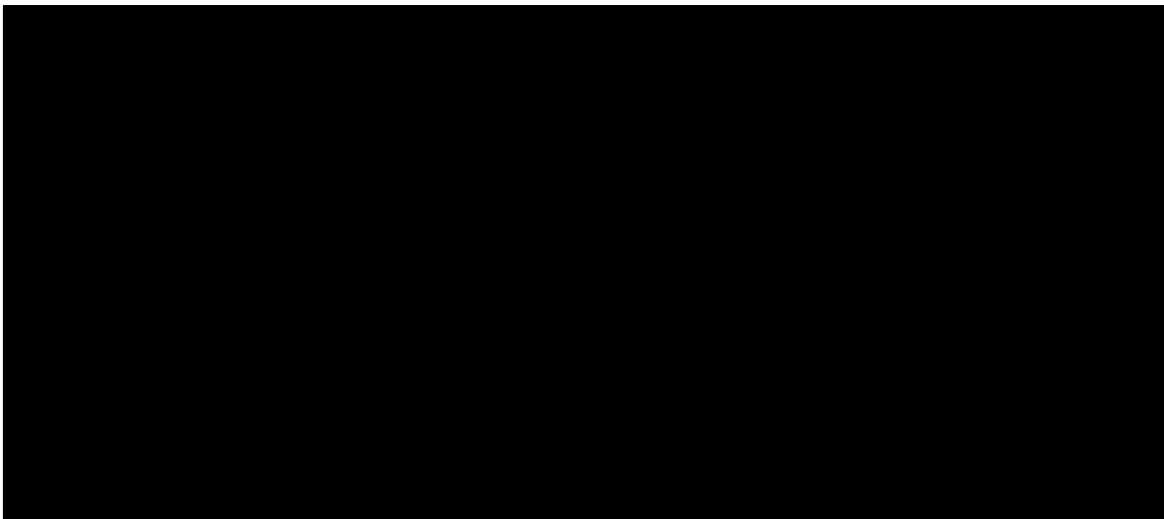
Trustees, management, and relevant stakeholders collaborate to identify potential risks that could impact the organization's objectives. The identified risks are documented in a risk register. The register contains information about each risk, including its description, potential impact, likelihood of occurrence, and any existing control measures. The register outlines the measures that the organization will implement to reduce the impact or likelihood of the identified risks.

Trustees review the risk register periodically, and management provides updates on the status of action plans and any changes in the risk landscape. They provide guidance, make decisions, and offer recommendations as needed.

Structure, Governance and Management

The Willow Tea Rooms Trust is a Scottish Charitable Incorporated Organisation. It has charitable status under the Charities and Trustees Investment (Scotland) Act 2005. It is also registered as a Charitable Organisation with the Office of the Scottish Charity Regulator. The organisation is governed by its Constitution and Board of Trustees.

The Trustees who served during the year and up to the date of signature of the financial statements were: -



Appointment of Trustees

Trustees are appointed in accordance with the rules contained within the charity's Constitution. All new trustees receive training on their role and responsibilities within the charity.

Related Parties

Mackintosh at the Willow Limited is a trading company (No SC578764) which was incorporated on 12 October 2017. The shares in the company are described in Note 13.

Organisational Structure

The full Board of Trustees administers the Charity. The Board meets regularly to discuss the organisations project development and financial position. Several sub-committees have been established wherein decisions may be taken by a majority of Trustees appointed to that sub-committee.

Statement of Trustees Responsibilities

The Trustees are responsible for preparing 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, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's Constitution 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 those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charity SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

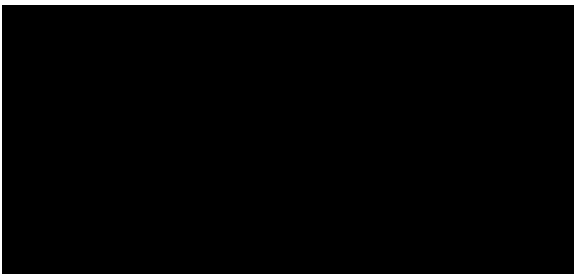
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The auditors, Consilium Audit Limited, are deemed to be reappointed as the charity's auditors in accordance with Section 487(2) of the Companies act 2006.

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

Approved by order of the board of Trustees on 26 July 2023 and signed on its behalf by:



Opinion

We have audited the financial statements of The Willow Tea Room Trust SCIO (the "charitable company") for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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 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.

Material uncertainties relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in Note 1.2 of the Accounting Policies concerning the Group and Charity's ability to continue as a going concern. The Group and Charity are reliant on the results underpinning the financial forecasts, and the assumptions surrounding these which if there were delays in raising additional funding or if there were a downturn in the events and trading performance of the Trading subsidiary could have a material impact on the Group and Charity's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Charity were unable to continue as a going concern.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 (as amended) 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 report; or
- proper accounting records have not been kept; 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 statement of responsibilities, the Trustees, who are also the directors for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the charitable 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 the Act and relevant regulations made or having effect thereunder.

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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- We identified the laws and regulations applicable to the company through discussions with directors and management and from our knowledge of the regulatory environment relevant to the company.
- We assessed the extent of compliance with laws and regulations through making enquiries of management and inspecting legal correspondence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud and their knowledge of actual, suspected and alleged fraud.
- To address the risk of fraud through management bias and override of controls, we tested journal entries to identify unusual transactions, we assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias and we investigated the rationale behind significant or unusual transactions.

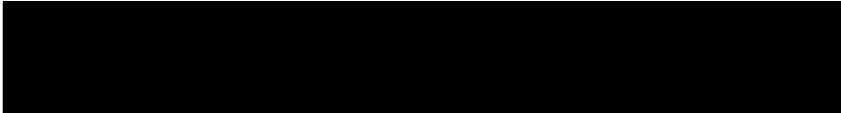
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence.


Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



 (Senior Statutory Auditor)

For and on behalf of Consilium Audit Limited

Statutory Senior Auditor

169 West George Street

Glasgow

United Kingdom

G2 2LB

Date: 28 July 2023

The Willow Tea Rooms Trust SCIO

Consolidated Statement of Financial Activities

For the Year Ended 31 March 2022

| | | Unrestricted | | | | |
|---------------------------------------|---------|--------------|------------|--------|-----------|-----------|
| Notes | General | Designated | Restricted | 2022 | 2021 | |
| | Fund | Funds | Funds | Total | Total | |
| | £ | £ | £ | £ | £ | |
| Income from: | | | | | | |
| Donations | 2 | 84,871 | - | 20,000 | 104,871 | 2,305,097 |
| Other trading activities | 3 | 762,498 | - | - | 762,498 | 89,582 |
| Investments | 4 | - | - | - | - | 2,384 |
| Total Income | | 847,369 | - | 20,000 | 867,369 | 2,397,063 |
| Expenditure on: | | | | | | |
| Raising Funds | | | | | | |
| Other trading costs | 5 | 1,101,693 | 5,041 | - | 1,106,734 | 832,703 |
| Charitable Activities | 6 | 255,730 | 103,678 | 8,744 | 368,152 | 421,147 |
| Total Expenditure | | 1,357,423 | 108,719 | 8,744 | 1,474,886 | 1,253,850 |
| Net income/(expenditure) for the year | | (510,054) | (108,719) | 11,256 | (607,517) | 1,143,213 |
| Transfer between funds | 19 | (242,701) | 242,701 | - | - | - |
| Net Movement in Funds | | (752,755) | 133,982 | 11,256 | (607,517) | 1,143,213 |
| Reconciliation of Funds | | | | | | |
| Total funds brought forward | | 594,674 | 4,330,473 | - | 4,925,147 | 3,781,934 |
| Total Funds carried forward | | (158,081) | 4,464,455 | 11,256 | 4,317,630 | 4,925,147 |

The Statement of Financial Activities includes all gains and losses in the year. All income and expenditure derive from continuing activities.

The Notes on pages 14 to 27 form an integral part of these financial statements.

The Willow Tea Rooms Trust SCIO

Charity Statement of Financial Activities

For the Year Ended 31 March 2022

| | | Unrestricted | | | | |
|---------------------------------------|-------|--------------|------------|------------|-----------|-----------|
| | Notes | General | Designated | Restricted | 2022 | 2021 |
| | | Fund | Funds | Funds | Total | Total |
| | | £ | £ | £ | £ | £ |
| Income from: | | | | | | |
| Donations | 2 | 11,109 | - | 20,000 | 31,109 | 1,488,394 |
| Investments | 4 | 15,000 | - | - | 15,000 | 17,384 |
| Total Income | | 26,109 | - | 20,000 | 46,109 | 1,505,778 |
| Expenditure on: | | | | | | |
| Raising Funds | | | | | | |
| Other trading costs | 5 | - | - | - | - | - |
| Charitable Activities | 6 | 505,730 | 103,678 | 8,744 | 618,152 | 421,147 |
| Total Expenditure | | 505,730 | 103,678 | 8,744 | 618,152 | 421,147 |
| Net income/(expenditure) for the year | | (479,621) | (103,678) | 11,256 | (572,043) | 1,084,631 |
| Transfer between funds | 19 | (154,312) | 154,312 | - | - | - |
| Net Movement in Funds | | (633,933) | 50,634 | 11,256 | (572,043) | 1,084,631 |
| Reconciliation of Funds | | | | | | |
| Total funds brought forward | | 543,878 | 4,591,724 | - | 5,135,602 | 4,050,971 |
| Total Funds carried forward | | (90,055) | 4,642,358 | 11,256 | 4,563,559 | 5,135,602 |

The Statement of Financial Activities includes all gains and losses in the year. All income and expenditure derive from continuing activities.

The Notes on pages 14 to 27 form an integral part of these financial statements.

The Willow Tea Rooms Trust SCIO

Balance Sheet at 31 March 2022

| | Notes | Group | | Charity | |
|--|-------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible Assets | 11 | 419,727 | 515,494 | 419,727 | 510,453 |
| Heritage Assets | 12 | 6,880,405 | 6,893,357 | 6,880,405 | 6,893,357 |
| Investments | 13 | - | - | 100 | 100 |
| | | <u>7,300,132</u> | <u>7,408,851</u> | <u>7,300,232</u> | <u>7,403,910</u> |
| Current Assets | | | | | |
| Stock | | 20,968 | 24,688 | - | - |
| Debtors | 14 | 17,466 | 108,515 | 9,534 | 73,269 |
| Cash at bank and in hand | | 116,986 | 833,660 | 63,240 | 709,764 |
| | | <u>155,420</u> | <u>966,863</u> | <u>72,774</u> | <u>783,033</u> |
| Creditors: Amounts falling due within one year | 15 | (605,899) | (514,813) | (358,099) | (381,779) |
| Net Current Assets | | <u>(450,479)</u> | <u>452,050</u> | <u>(285,325)</u> | <u>401,254</u> |
| Total assets less current liabilities | | <u>6,849,653</u> | <u>7,860,901</u> | <u>7,014,907</u> | <u>7,805,164</u> |
| Creditors: Amounts falling due after more than one year | 16 | (2,532,023) | (2,935,754) | (2,451,348) | (2,669,562) |
| Net Assets | | <u><u>4,317,630</u></u> | <u><u>4,925,147</u></u> | <u><u>4,563,559</u></u> | <u><u>5,135,602</u></u> |
| The Funds of the Charity: | | | | | |
| Unrestricted Funds: | | | | | |
| General Fund | 18 | (158,081) | 594,674 | (90,055) | 543,878 |
| Designated Funds | 18 | 4,464,455 | 4,330,473 | 4,642,358 | 4,591,724 |
| Restricted Funds | 18 | 11,256 | - | 11,256 | - |
| Total Charity Funds | | <u><u>4,317,630</u></u> | <u><u>4,925,147</u></u> | <u><u>4,563,559</u></u> | <u><u>5,135,602</u></u> |

The financial statements were approved by the Trustees on 26 July 2023 and signed on their behalf by:



The Willow Tea Rooms Trust SCIO

Consolidated Cash Flow Statement for the Year Ended 31 March 2022

| | Notes | 2022 | | 2021 | |
|--|-------|-----------|-----------|----------|----------|
| | | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 23 | | (473,973) | | 785,324 |
| Investing activities | | | | | |
| Rent income and interest from investments | | - | | 2,384 | |
| Net cash used in investing activities | | | - | | 2,384 |
| Financing activities | | | | | |
| Repayment of other borrowings | | (154,976) | | (27,565) | |
| Raised from issue of new bank loan | | - | | 50,000 | |
| Repayment of bank loans | | (87,725) | | (83,431) | |
| Net cash (used in)/generated from financing activities | | | (242,701) | | (60,996) |
| Change in cash and cash equivalents in the financial year | | | (716,674) | | 726,712 |
| Cash and cash equivalents at beginning of year | | | 833,660 | | 106,948 |
| Cash and cash equivalents at end of year | | | 116,986 | | 833,660 |

The Willow Tea Rooms Trust SCIO

Charity Cash Flow Statement for the Year Ended 31 March 2022

| | Notes | 2022 | 2021 |
|--|-------|-----------|----------|
| | | £ | £ |
| Cash flows from operating activities | | | |
| Cash generated from operations | 24 | (489,212) | 712,919 |
| Investing activities | | | |
| Rent income and interest from investments | | 15,000 | 17,384 |
| Net cash used in investing activities | | 15,000 | 17,384 |
| Financing activities | | | |
| Amounts advanced to related parties | | (18,000) | (6,965) |
| Repayment of other borrowings | | (82,990) | (43,757) |
| Repayment of bank loans | | (71,322) | (33,431) |
| Net cash (used in)/generated from financing activities | | (172,312) | (84,153) |
| Change in cash and cash equivalents in the financial year | | (646,524) | 646,150 |
| Cash and cash equivalents at beginning of year | | 709,764 | 63,614 |
| Cash and cash equivalents at end of year | | 63,240 | 709,764 |

1 Accounting policies

1.1 Charity information

The Willow Tea Rooms Trust SCIO is charitable Incorporated Organisation incorporated in Scotland. The principal office and place of business is 215-217 Sauchiehall Street, Glasgow, G2 3EX.

1.2 Basis of preparation and statement of compliance

The financial statements have been prepared under the historical cost convention with items recognised at cost or fair value unless otherwise stated in the relevant Notes to these financial statements and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard 102 (effective January 2015), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements are presented in UK Sterling, which is the functional currency of the charity, and rounded to the nearest whole pound.

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

Going Concern

As at 31 March 2022, the Group had net current liabilities of £450,479 (2021: Net Assets of £452,050). The Trustees have prepared financial projections for the Group covering a period of at least 12 months from the date of signing the accounts. These projections, which have been prepared incorporating key assumptions relating to forecast trading volumes, grant income, operating costs including the settlement of creditors. The projections include an element of income that has still to be committed. The Trustees are continuing discussions with a number of organisations and individuals who have indicated a willingness to support the charity moving forward financially and the Trustees are confident that sufficient funding will be raised from these (or similar) sources such that the Trustees are confident that the Group can continue to meet its financial obligations as they fall due.

In addition, the current year financial performance for the trading subsidiary shows that it is trading ahead of budget and that there is a continued increase in the events being held at and international tourism visitors that are attending the venue.

The Trustees have assessed, based on their reasonable expectations of further funding being raised, that the Group and Company have adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements and therefore they believe it is reasonable for the accounts to be prepared on a Going Concern basis. However, as the financial projections are based on the Trustees current view on key assumptions, there remains a significant degree of uncertainty in this regard.

1.3 Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary, Mackintosh at the Willow Limited on a line-by-line basis.

1.4 Fund accounting

Funds are classified as either Restricted Funds or Unrestricted Funds, defined as follows:

Restricted Funds are funds subject to specific requirements as to their use which may be declared by the donor or with their authority or created through legal processes, but still within the wider objects of the charity.

Unrestricted Funds are expendable at the discretion of the Trustees in furtherance of the objects of the charity. If parts of the Unrestricted Funds are earmarked at the discretion of the Trustees for a particular purpose, they are designated as a separate fund. This designation has an administrative purpose only and does not legally restrict the Trustees' discretion to apply the fund.

1.5 Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Where relevant, income is recognised as a liability and included on the Balance Sheet as deferred income to be released.

(continued)

1.6 Donations

Donations are recognised when the charity has evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Entitlement usually arises immediately upon receipt, however, in the event that a donation is subject to conditions that require a level of performance before the charity 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 charity and it is probable that those conditions will be fulfilled in the reporting period.

1.7 Grants receivable

Income from government and other grants, whether 'capital' or 'revenue' in nature, are recognised when the charity has unconditional entitlement to the funds, it is probable that the income will be received, the amount can be measured reliably. Unconditional entitlement will be achieved once any performance or other conditions attached to the grants have been met, or fulfilment of those conditions is wholly within the control of the charity.

Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

1.8 Gift aid

Income tax recoverable on Gift Aid donations is recognised when the respective donation has been recognised and the recoverable amount of income tax can be measured reliably; this is when the donor has completed the relevant Gift Aid declaration form. Income tax recoverable on Gift Aid donations is allocated to the same fund as the respective donation, unless specified by the donor.

1.9 Income from other trading activities

Income from other trading activities comprises income earned from the subsidiary's trading activities and is recognised when the subsidiary has entitlement to the funds, it is probable that these will be received and the amounts can be measured reliably.

1.10 Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.11 Expenditure and recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured or estimated reliably.

Liabilities are measured on recognition at historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date. The exception is that certain financial instruments must be adjusted to their present value; these include financial liabilities where settlement is deferred for more than 12 months after the reporting date.

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. Further information on the basis of allocation is provided below.

1.12 Expenditure on raising funds

Expenditure on raising funds includes all expenditure incurred by a charity to raise funds for its charitable purposes. It includes the costs of all fundraising activities and events together with those costs incurred in seeking donations and grants.

(continued)

1.13 Expenditure on charitable activities

Expenditure on charitable activities includes all costs incurred by the charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and the costs relating to the governance of the charity.

1.14 Governance costs

Governance costs (which are included as a component of support costs in accordance with SORP) comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include those related to constitutional and statutory requirements, external scrutiny (audit or independent examination), strategic management, and other legal and professional fees.

1.15 Activity based reporting

To comply fully with the Statement of Recommended Practice would require income and expenditure to be reported by activity. The Trustees are of the opinion that the charity's activities are inter-linked therefore this would be impractical to calculate and would provide no additional benefit to the users of these financial statements. Therefore, no further analysis of income and expenditure is provided within these financial statements.

1.16 Financial Instruments

The charity 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 settlement value.

1.17 Tangible fixed assets and depreciation

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £1,000 are not capitalised. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

| | |
|---------------------------------|----------------------|
| Heritage assets | 2% straight line |
| Website | 25% straight line |
| Fixtures, fitting and equipment | 25% straight line |
| Artistic fixtures and fittings | 15% straight line |
| Plant and equipment | 33.33% straight line |

Within Heritable Assets, there are assets of £6,359,028 which the Trustees believe are appreciating assets and therefore no depreciation is charged.

1.18 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

(continued)

1.19 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 on the Trustees deemed market value. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Fair value is deemed to be market value.

1.20 Fixed asset investments

The activities and results of the charity's wholly owned subsidiary, Mackintosh at the Willow Limited are summarised in Note 21.

1.21 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the supplier's invoice price.

1.22 Debtors

Debtors are measured at their recoverable amounts, being the amount the charity anticipates it will receive in settlement of the debt. Prepayments are valued at the amount prepaid at the reporting date.

1.23 Cash at bank and in hand

Cash at bank and 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.

1.24 Creditors

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

1.25 Pensions

The pension costs charged in the financial statements represent the contributions payable by the charity during the year.

1.26 Judgements and key sources of estimation uncertainty

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

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

2 Donations

| | Group | | Charity | |
|--------------------------|----------------|------------------|---------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Donations | 1,109 | 133,073 | 1,109 | 133,073 |
| Grants | 103,762 | 2,172,024 | 30,000 | 1,355,321 |
| | <u>104,871</u> | <u>2,305,097</u> | <u>31,109</u> | <u>1,488,394</u> |
| Analysis by fund: | | | | |
| General | 84,871 | 2,305,097 | 11,109 | 1,488,394 |
| Restricted | 20,000 | - | 20,000 | - |
| | <u>104,871</u> | <u>2,305,097</u> | <u>31,109</u> | <u>1,488,394</u> |

3 Income from other trading activities

| | Group | | Charity | |
|----------------|----------------|---------------|----------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Trading income | 762,498 | 89,582 | - | - |
| | <u>762,498</u> | <u>89,582</u> | <u>-</u> | <u>-</u> |

4 Investments

| | Group | | Charity | |
|---------------------|----------|--------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Other income | - | 2,311 | 15,000 | 17,311 |
| Interest receivable | - | 73 | - | 73 |
| | <u>-</u> | <u>2,384</u> | <u>15,000</u> | <u>17,384</u> |

5 Other trading costs

| | Group | | Charity | |
|---------------|------------------|----------------|----------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Trading costs | <u>1,106,734</u> | <u>832,703</u> | <u>-</u> | <u>-</u> |

6 Costs of charitable activities

| | Group | | Charity | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Staff costs | 98,696 | 80,087 | 98,696 | 80,087 |
| Depreciation and impairment | 103,678 | 109,520 | 103,678 | 109,520 |
| Project and activities costs | 67,187 | 97,433 | 67,187 | 97,433 |
| Premises costs | - | 3,375 | - | 3,375 |
| Running costs | (33,664) | 8,252 | (33,664) | 8,252 |
| Motor and travel costs | 456 | - | 456 | - |
| Legal and professional | 31,427 | 42,794 | 31,427 | 42,794 |
| Accountancy costs | (838) | 1,050 | (838) | 1,050 |
| Interest and finance charges | 91,210 | 78,636 | 91,210 | 78,636 |
| Donations | - | - | 250,000 | - |
| Donation returned | 10,000 | - | 10,000 | - |
| | <u>368,152</u> | <u>421,147</u> | <u>618,152</u> | <u>421,147</u> |
| Analysis by fund: | | | | |
| General | 255,730 | 311,627 | 505,730 | 311,627 |
| Designated | 103,678 | 109,520 | 103,678 | 109,520 |
| Restricted | 8,744 | - | 8,744 | - |
| | <u>368,152</u> | <u>421,147</u> | <u>618,152</u> | <u>421,147</u> |

7 Auditor's remuneration

| | Group | | Charity | |
|------------------------|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Auditor's remuneration | <u>8,499</u> | <u>8,499</u> | <u>4,649</u> | <u>4,649</u> |

8 Employees

| | Group | | Charity | |
|--|-----------|-----------|----------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | Number | Number | Number | Number |
| The average monthly number of employees during the year was: | <u>38</u> | <u>35</u> | <u>3</u> | <u>2</u> |

Employment costs

| | Group | | Charity | |
|---------------------------------|----------------|----------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Wages and salaries | 695,573 | 585,472 | 92,166 | 70,965 |
| Employer's national insurance | 40,526 | 42,280 | (3,426) | 7,367 |
| Employer's pension contribution | 26,116 | 16,747 | 9,956 | 1,755 |
| | <u>762,215</u> | <u>644,499</u> | <u>98,696</u> | <u>80,087</u> |

8 cont The number of employees within the group who received remuneration greater than £60,000 was as follows:

| | 2022 | 2021 |
|-----------------|------|------|
| | No. | No. |
| £70,001-£80,000 | 1 | 1 |

Key management personnel remuneration

Total remuneration paid to key management personnel for the year was £130,611 (2021: £119,640). Key management personnel are indicated on page 4.

9 Pension costs

The charity operates a defined contribution pension scheme in respect of those staff who wish to participate. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the charity and amounted to £26,116 (2021 - £16,747).

10 Trustees' remuneration and reimbursed expenses

None of the Trustees (or any person connected with them) received remuneration or benefits from the charity during the year. No trustee (2021 - Nil) was reimbursed expenses (2021 - Nil) in respect of travel, hotel and stationery costs.

11 Tangible fixed assets

| Group | Heritable Property | Fixtures & Fittings | Website | Artistic fixtures & fittings | Plant & equipment | Total |
|------------------------|-----------------------|------------------------|----------|---------------------------------|----------------------|-----------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 1 April 2021 | 200,000 | 68,960 | 11,000 | 549,153 | 22,220 | 851,333 |
| At 31 March 2022 | 200,000 | 68,960 | 11,000 | 549,153 | 22,220 | 851,333 |
| Depreciation | | | | | | |
| At 1 April 2021 | - | (56,816) | (9,750) | (247,053) | (22,220) | (335,839) |
| Charge for year | - | (12,144) | (1,250) | (82,373) | - | 95,767 |
| At 31 March 2022 | - | 68,960 | 11,000 | 329,426 | 22,220 | 431,606 |
| Net book values | | | | | | |
| At 31 March 2022 | 200,000 | - | - | 219,727 | - | 419,727 |
| At 31 March 2021 | 200,000 | 12,144 | 1,250 | 302,100 | - | 515,494 |
| Charity | | | | | | |
| Cost | £ | £ | £ | £ | | |
| At 1 April 2021 | 200,000 | 48,093 | 11,000 | 549,153 | | 808,246 |
| At 31 March 2022 | 200,000 | 48,093 | 11,000 | 549,153 | | 808,246 |
| Depreciation | | | | | | |
| At 1 April 2021 | - | (40,990) | (9,750) | (247,053) | | (297,793) |
| Charge for year | - | (7,103) | (1,250) | (82,373) | | (90,726) |
| At 31 March 2022 | - | (48,093) | (11,000) | (329,426) | | (388,519) |
| Net book values | | | | | | |
| At 31 March 2022 | 200,000 | - | - | 219,727 | | 419,727 |
| At 31 March 2021 | 200,000 | 7,103 | 1,250 | 302,100 | | 510,453 |

| 12 | Heritage assets | Group | | Charity | |
|----|------------------|-----------|-----------|-----------|-----------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | £ | £ | £ | £ |
| | Cost | | | | |
| | At 1 April 2021 | 7,006,652 | 3,566,603 | 7,006,652 | 3,566,603 |
| | Transfers | - | 3,440,049 | - | 3,440,049 |
| | Depreciation | (126,247) | (113,295) | (126,247) | (113,295) |
| | At 31 March 2022 | 6,880,405 | 6,893,357 | 6,880,405 | 6,893,357 |

The charity's heritage assets consist of a single property that has been acquired due to its historic cultural and artistic significance. The property is referred to as Mackintosh at the Willow and is located at Sauchiehall Street, Glasgow. Such significance is based upon the fact that its interiors, fixtures and furnishings were all designed by the world-renowned architect and artist, Charles Rennie Mackintosh, in 1902. The charity was established with the objective of restoring and preserving this building via grant funding for the benefit of both the local community and UK and international visitors and tourists.

The full value of the charity's heritage assets is used as security for loans provided to the Trust.

| 13 | Fixed asset investments | Group | | Charity | |
|----|-------------------------|-------|-------------|---------|-------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | £ | £ | £ | £ |
| | Fair value | | | | |
| | At 1 April 2021 | - | 3,640,049 | 100 | 3,640,149 |
| | Additions | - | - | - | - |
| | Transfers | - | (3,640,049) | - | (3,640,049) |
| | Disposals | - | - | - | - |
| | At 31 March 2022 | - | - | 100 | 100 |

The investment properties within the charity's financial statements were shown as heritable assets within the group financial statements as they are used for the charity's primary purpose. During the prior year the charity's investments property were transferred to heritage assets due to significance of the property within the overall cultural and artistic significance.

Included in the Charity investments is an investment of £100 in the subsidiary undertaking, Mackintosh at the Willow Limited, comprising 100% of the issued share capital (see Note 21 for further details).

Notes to the Financial Statements for the Year Ended 31 March 2022

| 14 | Debtors | Group | | Charity | |
|----|---|------------------|------------------|------------------|------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | £ | £ | £ | £ |
| | Trade debtors | 6,440 | 1,487 | - | - |
| | Owed by group undertaking | - | - | - | - |
| | Other debtors | 9,534 | 80,993 | 9,534 | 72,254 |
| | Prepayments | 1,492 | 26,035 | - | 1,015 |
| | | <u>17,466</u> | <u>108,515</u> | <u>9,534</u> | <u>73,269</u> |
| 15 | Creditors: Amounts falling due within one year | Group | | Charity | |
| | | 2022 | 2021 | 2022 | 2021 |
| | | £ | £ | £ | £ |
| | Trade creditors | 92,361 | 62,056 | 25,433 | 31,902 |
| | Other taxation and social security | 88,535 | 71,933 | 4,267 | 31,129 |
| | Amounts due to subsidiary | - | - | 26,673 | 44,673 |
| | Other creditors | 15,839 | 26,226 | - | - |
| | Accruals | 105,510 | 211,974 | 95,200 | 131,451 |
| | Bank loans | 76,938 | 62,169 | 67,181 | 62,169 |
| | Other loans | 226,716 | 80,455 | 139,345 | 80,455 |
| | | <u>605,899</u> | <u>514,813</u> | <u>358,099</u> | <u>381,779</u> |
| 16 | Creditors: Amounts falling due after more than one year | Group | | Charity | |
| | | 2022 | 2021 | 2022 | 2021 |
| | | £ | £ | £ | £ |
| | Bank loans | 2,045,193 | 2,147,687 | 2,009,685 | 2,097,687 |
| | Other loans | 486,830 | 788,067 | 441,663 | 571,875 |
| | | <u>2,532,023</u> | <u>2,935,754</u> | <u>2,451,348</u> | <u>2,669,562</u> |
| | Loans (bank and other loans) | | | | |
| | Repayable in one year or less, or on demand | 303,654 | 224,356 | 206,526 | 142,624 |
| | Repayable between one and two years | 204,719 | 303,216 | 149,795 | 196,484 |
| | Repayable between two and five years | 353,010 | 392,626 | 327,259 | 314,898 |
| | Repayable in five years or more | 1,974,294 | 2,158,180 | 1,974,294 | 2,158,180 |
| | | <u>2,835,677</u> | <u>3,078,378</u> | <u>2,657,874</u> | <u>2,812,186</u> |

The Trust has a cross guarantee in respect of Unity Bank with the trading subsidiary, Mackintosh at the Willow Limited.

Loan funding of £350,000 (2021 - £350,000) is secured against the Heritage Asset acquired as the main objective of the Trust's activity, that being Tea Rooms building located at 217 Sauchiehall Street, Glasgow. This loan was provided by [REDACTED] a former Trustee. The outstanding balance was due for repayment in 180 monthly instalments beginning in July 2022. The loan in its entirety is interest free. This loan has now been converted to a gift in April 2022 by [REDACTED]

[REDACTED] has provided a loan to the Willow Tea Rooms Trust. The loan is subject to an interest charge of 3% interest above base rate and is repayable by 60 equal instalments. The balance outstanding at 31 March 2022 is £157,071 (2021 - £202,330).

[REDACTED], former Trustee, has provided a loan to Mackintosh at the Willow Limited. The loan is subject to an interest charge of 3% interest above base rate and is repayable by 36 equal instalment. The balance outstanding at 31 March 2022 is £132,538 (2021 - £216,192).

As at 31 March 2022, loan funding of £2,076,866 (2021: £2,159,856) has been provided by Unity Trust Bank. The loan is secured by a Bond and Floating charge over the investment assets held by the Trust as well as the Trust's heritage asset. The loan is repayable in instalments which commenced in August 2018, as capital and interest repayments. Total capital repayments made during the year were £58,880. The interest rate is 4.25% above the base rate of the lender. There is a cross guarantee in place between the Trust and its subsidiary undertaking, Mackintosh at the Willow Limited, in respect of this liability.

17 Analysis of net assets by funds

| <i>Group</i> | Unrestricted | | Restricted Funds | Total |
|--|------------------|------------------|------------------|------------------|
| | General Fund | Designated Funds | | |
| | £ | £ | £ | £ |
| Fund balances at 31 March 2022 as represented by: | | | | |
| Tangible fixed assets | 6,880,405 | 419,727 | - | 7,300,132 |
| Net current assets/(liabilities) | (4,993,293) | 4,531,558 | 11,256 | (450,479) |
| Long-term liabilities | (2,045,193) | (486,830) | - | (2,532,023) |
| Net Assets | (158,081) | 4,464,455 | 11,256 | 4,317,630 |
| Charity | | | | |
| Fund balances at 31 March 2022 as represented by: | | | | |
| Tangible fixed assets | 6,880,405 | 419,727 | - | 7,300,132 |
| Investments | 100 | - | - | 100 |
| Net current assets/(liabilities) | (4,960,875) | 4,664,294 | 11,256 | (285,325) |
| Long-term liabilities | (2,009,685) | (441,663) | - | (2,451,348) |
| Net Assets | (90,055) | 4,642,358 | 11,256 | 4,563,559 |

18

Analysis of Funds

| <i>Group</i> | 01 April 2021 | Income | Expenditure | Transfers | 31 March 2022 |
|---------------------------------|------------------|----------------|--------------------|-----------|------------------|
| | £ | £ | £ | £ | £ |
| Unrestricted | | | | | |
| General fund | 594,674 | 847,369 | (1,357,423) | (242,701) | (158,081) |
| Designated | | | | | |
| Designated assets fund | 4,330,473 | - | (108,719) | 242,701 | 4,464,455 |
| Total Unrestricted Funds | 4,925,147 | 847,369 | (1,466,142) | - | 4,306,374 |
| Restricted | | | | | |
| | - | 20,000 | (8,744) | - | 11,256 |
| Total Restricted Funds | - | 20,000 | (8,744) | - | 11,256 |
| Total Funds- Group | 4,925,147 | 867,369 | (1,474,886) | - | 4,317,630 |
| Charity | | | | | |
| | 01 April 2021 | Income | Expenditure | Transfers | 31 March 2022 |
| | £ | £ | £ | £ | £ |
| Unrestricted | | | | | |
| General fund | 543,878 | 26,109 | (505,730) | (154,312) | (90,055) |
| Designated | | | | | |
| Designated assets fund | 4,591,724 | - | (103,678) | 154,312 | 4,642,358 |
| Total Unrestricted Funds | 5,135,602 | 26,109 | (609,408) | - | 4,552,303 |
| Restricted | | | | | |
| | - | 20,000 | (8,744) | - | 11,256 |
| Total Restricted Funds | - | 20,000 | (8,744) | - | 11,256 |
| Total Funds- Charity | 5,135,602 | 46,109 | (618,152) | - | 4,563,559 |

18 cont Purposes of Unrestricted Funds**General Fund**

The General Fund represents the unrestricted funds which the parent charity is free to use in accordance with its main charitable objectives.

Purposes of Designated Funds**Designated Assets Fund**

The Designated Assets Fund represent the net book value of the group and the parent charity's fixed assets which would not be readily convertible into cash, net of loan financing.

19 Analysis of transfers between funds**Group**

Transfers made during the year ended 31 March 2021 were as follows:

Repayment of loan

| | Unrestricted | | Restricted Funds |
|-------------------|--------------|------------------|------------------|
| | General Fund | Designated Funds | |
| | £ | £ | £ |
| Repayment of loan | (242,701) | 242,701 | - |
| | (242,701) | 242,701 | - |

Charity

Transfers made during the year ended 31 March 2021 were as follows:

Fixed asset movements

Repayment of loan

| | | | |
|-----------------------|-----------|---------|---|
| Fixed asset movements | - | - | - |
| Repayment of loan | (154,312) | 154,312 | - |
| | (154,312) | 154,312 | - |

The transfer represents the funds required to cover excess of loan repayments over depreciation.

20 Analysis of changes in net funds**Consolidated**

Cash at bank and in hand

Total cash and cash equivalents

| | Opening balance At 1 April 2021 | Cash flows | Closing balance At 31 March 2022 |
|--|---------------------------------------|------------------|--|
| | £ | £ | £ |
| Cash at bank and in hand | 833,660 | (716,674) | 116,986 |
| Total cash and cash equivalents | 833,660 | (716,674) | 116,986 |

Charity

Cash at bank and in hand

Total cash and cash equivalents

| | £ | £ | £ |
|--|----------------|------------------|---------------|
| Cash at bank and in hand | 709,764 | (646,524) | 63,240 |
| Total cash and cash equivalents | 709,764 | (646,524) | 63,240 |

21 Subsidiary- Mackintosh at the Willow Limited

Mackintosh at the Willow Limited, is a wholly owned subsidiary of The Willow Tea Rooms Trust SCIO. The subsidiary's financial results for the year are set out below:

| | 2022 | 2021 |
|-----------------------------------|-----------------|---------------|
| | £ | £ |
| Income | 762,498 | 89,582 |
| Expenditure | (797,972) | (31,000) |
| (Loss)/profit for the year | (35,474) | 58,582 |

The assets and liabilities of the subsidiary at 31 March were:

| | | |
|-------------------------|------------------|------------------|
| Assets | 109,319 | 233,544 |
| Liabilities | (355,148) | (443,899) |
| Total net assets | (245,829) | (210,355) |

22 Related party transactions**Charity loan funding**

The charity was established with the acquisition of The Willow Tea Rooms building in June 2014 for which [REDACTED], the charity's former Chair and Trustee, provided a loan of £406,113.

In subsequent years, [REDACTED] loaned further sums totalling £155,848 to fund various types of project development expenditure.

In July 2019, [REDACTED] gave a donation of £200,000. As disclosed in Note 16, the loan of £561,961 due to [REDACTED] was partially repaid in July 2019 leaving an outstanding balance of £350,000. This was formally structured into the form of a conventional loan agreement, the basic terms of which were that monthly repayments would commence in July 2022 and run for a period of 15 years through to 2037. Interest would not be charged during this period however, should any part of the loan remain outstanding after June 2037, then interest would be applied thereto at the same rate being charged at that time by the charity's commercial lender. This loan has now been converted to a gift in April 2022 by [REDACTED].

[REDACTED] has provided a loan to the Willow Tea Rooms Trust. The loan is subject to an interest charge of 3% interest above base rate and is repayable by 60 equal instalments. The balance outstanding at 31 March 2022 is £157,071 (2021 - £202,330).

22 cont Related party transactions

Mackintosh at the Willow Limited

Mackintosh at the Willow Limited (MAW) is the wholly owned trading subsidiary of the charity. During the year, the Willow Tea Rooms Trust donated £250,000 (2021-£Nil) to MacKintosh at the Willow and Mackintosh at the Willow made licence and management fee payments of £15,000 (2021-£15,000). At 31 March 2022, an amount of £26,673 (2021-£44,673) was due from The Willow Tea Rooms Trust.

former Trustee, has provided a loan to Mackintosh at the Willow Limited. The loan is subject to an interest charge of 3% interest above base rate and is repayable by 36 equal instalment. The balance outstanding at 31 March 2022 is £132,538 (2021 - £216,192).

23 Cash generated from operations - group

| | | 2022 | 2021 |
|---|---|------------------|----------------|
| | | £ | £ |
| (Deficit)/surplus for the year | | (607,517) | 1,143,213 |
| <u>Adjustments for:</u> | | | |
| Investment income recognised in statement of financial activities | | - | (2,384) |
| Depreciation and impairment of tangible fixed assets | 6 | 108,719 | 122,228 |
| <u>Movements in working capital:</u> | | | |
| (Increase)/decrease in debtors | | 91,049 | (87,675) |
| Increase/(decrease) in creditors | | (69,944) | (382,021) |
| (Increase)/decrease in stock | | 3,720 | (8,037) |
| Cash generated from operations | | (473,973) | 785,324 |

24 Cash generated from operations - charity

| | | 2022 | 2021 |
|---|---|------------------|----------------|
| | | £ | £ |
| (Deficit)/surplus for the year | | (572,043) | 1,084,631 |
| <u>Adjustments for:</u> | | | |
| Investment income recognised in statement of financial activities | 4 | (15,000) | (17,384) |
| Depreciation and impairment of tangible fixed assets | 6 | 103,678 | 109,520 |
| <u>Movements in working capital:</u> | | | |
| (Increase)/decrease in debtors | | 63,735 | (69,238) |
| Increase/(decrease) in creditors | | (69,582) | (394,610) |
| Cash generated from operations | | (489,212) | 712,919 |

25 Consolidated and Charity Statement of Financial Activities for the year ended 31 March 2021

| | Unrestricted | | Restricted | 2021 |
|--|------------------|--------------------|------------|------------------|
| | General | Designated | funds | Total |
| | fund | funds | | |
| | £ | £ | £ | £ |
| Income from: | | | | |
| Donations | 2,305,097 | - | - | 2,305,097 |
| Other Trading Activities | 89,582 | - | - | 89,582 |
| Investments | 2,384 | - | - | 2,384 |
| Total Income | 2,397,063 | - | - | 2,397,063 |
| Expenditure on: | | | | |
| <u>Raising funds</u> | | | | |
| Costs of raising funds | - | - | - | - |
| Other trading costs | 832,703 | - | - | 832,703 |
| Charitable activities | 311,871 | 109,276 | - | 421,147 |
| Total Expenditure | 1,144,574 | 109,276 | - | 1,253,850 |
| Net income/(expenditure) for the year | 1,252,489 | (109,276) | - | 1,143,213 |
| Transfer between funds | 3,400,049 | (3,400,049) | - | - |
| Net movement in funds | 4,652,538 | (3,509,325) | - | 1,143,213 |
| Reconciliation of Funds | | | | |
| Total funds brought forward | 67,115 | 3,714,819 | - | 3,781,934 |
| Total funds carried forward | 4,719,653 | 205,494 | - | 4,925,147 |

In accordance with the Charities Statement of Recommended Practice (FRS 102), comparatives for each class of funds are required for each line on the Statement of Financial Activities (SOFA). The Note above illustrates the SOFA for the year ended 31 March 2021.