

**THE WATSON FAMILY CHARITABLE TRUST
(A Charitable Incorporated Organisation)**

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

THE WATSON FAMILY CHARITABLE TRUST

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THE WATSON FAMILY CHARITABLE TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE INCORPORATED
ORGANISATION, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017**

Trustees

Mr Ian Watson
Mrs Claire Watson
Mr Mark Watson
Mr Hugh Welch

Charity registered number

1159965

Principal office

3 Keel Row, The Watermark, Gateshead, NE11 9SZ

Accountants

Ryecroft Glenton, 32 Portland Terrace, Jesmond, Newcastle upon Tyne, NE2 1QP

Bankers

Handelsbanken, Second Floor, Earl Grey House, 75-85 Grey Street, Newcastle upon Tyne, NE1 6EF

Solicitors

Muckle LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF

Investment managers

UBS Wealth Management, 3 Finsbury Avenue, London, EC2M 2AN

THE WATSON FAMILY CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Trustees present their annual report together with the financial statements for the year ended 31 March 2017.

Objectives and Activities

a. Policies and objectives

The objectives of the charitable incorporated organisation ("CIO") are derived from the objects within its constitution which are for the public benefit in the United Kingdom and elsewhere for such charities or such charitable purposes under the laws of England and Wales in each case as the Trustees may from time to time determine, including by providing grants, loans or other financial support.

b. Strategies and activities for achieving objectives

The charitable incorporated organisation achieves its objectives through making grants and donations to charitable organisations and organisations and individuals for charitable purposes.

The CIO is not restricted to making payments only out of income generated and may make grants from its investment capital also. It is the current intention of the Trustees not to restrict themselves to making grants only out of income.

c. Grant making policies

The charitable incorporated organisation is not restricted on the activities or geographical areas in which it intends to operate. The CIO is willing to receive external applications and may also make one-off grants to undertakings within its charitable objects. Applications should be made to the CIO's registered office. All applications that support the public benefit and in accordance with the CIO's stated object in the UK and abroad will be considered.

d. Main activities undertaken to further the charity's purposes for the public benefit

In its first year, the charity has made grants to local, medical and humanitarian purposes to organisations or individuals whose nature is for the public benefit.

Achievements and performance

a. Key financial performance indicators

The trustees have agreed an amount of capital will be invested through the TM UBS (UK) Balanced Fund. Remaining funds will be held in a Handelsbanken interest bearing savings account.

THE WATSON FAMILY CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

b. Review of activities

The CIO was set up during the period ended 31 March 2016 with a donation of £1,000,000 from Mr Ian Watson, a Trustee. The Board has met three times during the period to agree working methods and to agree the payment of grants that are the subject of these financial statements. In particular, the Board has committed the Trust to making a four-year commitment to an employee apprenticeship program totalling £56,506 of which £14,227 was paid during this period and £9,840 in the previous period. There is, therefore, a further £32,439 of funding committed to this program but this funding is contingent on the principal condition that the applicant remains employed.

c. Investment policy and performance

The investment objective of the fund is to generate income and capital growth through active management of a diversified portfolio, with a moderate level of risk. Funds held on bank deposit provide absolute liquidity which is very low risk.

Financial review

In the prior period of operation, the CIO had achieved a significant amount of activity, receiving and investing the donation of £1,000,000 from Mr Ian Watson and making grant payments totalling £55,840 with a further unconditional grant not paid but accrued of £6,000 at the year end. These were to a variety of diverse institutions within the UK and in Africa, for a variety of purposes to benefit local communities, for humanitarian purposes, and for medical research. Following this, the trust has continued to make various grant payments totalling £64,027.

The CIO does not hold any endowment or restricted funds. At the year end, the CIO's unrestricted funds totalled £940,012 of which £576,114 was held as investments and £363,898 as net current assets (cash on deposit less creditors due in one year).

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charitable incorporated organisation has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

b. Principal risks and uncertainties

The CIO is open to risks from poor investment performance and ineffective grant-making policies.

Poor investment performance is mitigated by retaining expert investment advisors who maintain a diversified investment portfolio, and who have full discretion to invest to maximise investment return.

Ineffective grant-making policies are mitigated by employing experienced trustees who undertake proper due diligence in assessing applications.

c. Reserves policy

The CIO does not currently have a reserves policy and Trustees intend to expend reserves in the short and medium term as they see fit. The CIO will not set itself grant targets as it does not wish to restrict itself in any way to make grants as the Trustees see fit in future periods.

THE WATSON FAMILY CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

Structure, governance and management

a. Method of appointment or election of Trustees

The management of the charitable incorporated organisation is the responsibility of the Trustees who are elected and co-opted under the terms of the Constitution. There must be at least three Trustees and there is no maximum number of Trustees. With the exception of the first Trustees of the CIO (Mr Ian Watson, Mrs Claire Watson and Mr Mark Watson), Trustees are appointed for a three-year term and may serve for three consecutive terms.

Trustees will be appointed by the current Board as the need arises, having regard to the skills, knowledge and experience needed for effective administration of the CIO.

b. Organisational structure and decision making

The current Board comprises four Trustees.

Any decision may be taken either:

- at a meeting of the Trustees, or
- by resolution in writing or electronic form agreed by all of the Trustees.

The Trustees may delegate any of their powers or functions to a committee or committees, and, if they do, they must determine the terms and conditions on which the delegation is made. There are currently no delegated committees.

Trustees' responsibilities statement

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

The law applicable to charities in England & Wales 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 charitable incorporated organisation and of the incoming resources and application of resources of the charitable incorporated organisation for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable incorporated organisation will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable incorporated organisation's transactions and disclose with reasonable accuracy at any time the financial position of the charitable incorporated organisation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charitable incorporated organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE WATSON FAMILY CHARITABLE TRUST

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017**

This report was approved by the Trustees, on 8 December 2017 and signed on their behalf by:

**Mr Ian Watson
Chairman**

THE WATSON FAMILY CHARITABLE TRUST

INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 MARCH 2017

Independent examiner's report to the Trustees of The Watson Family Charitable Trust (the 'charitable incorporated organisation')

I report to the charity Trustees on my examination of the accounts of the charitable incorporated organisation for the Year ended 31 March 2017.

This report is made solely to the charitable incorporated organisation's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the charitable incorporated organisation's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charitable incorporated organisation and the charitable incorporated organisation's Trustees as a body, for my work or for this report.

Responsibilities and basis of report

As the Trustees of the charitable incorporated organisation you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the 2011 Act').

I report in respect of my examination of the charitable incorporated organisation's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I can confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charitable incorporated organisation as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Dated: 8 December 2017

Nigel Wyrley-Birch FCA

Ryecroft Glenton
32 Portland Terrace
Newcastle upon Tyne
NE2 1QP

THE WATSON FAMILY CHARITABLE TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:				
Donations and legacies	2	-	-	1,003,962
Investments	3	12,410	12,410	7,574
TOTAL INCOME		12,410	12,410	1,011,536
EXPENDITURE ON:				
Raising funds		444	444	-
Charitable activities	5	70,362	70,362	68,688
TOTAL EXPENDITURE	4	70,806	70,806	68,688
NET (EXPENDITURE) / INCOME BEFORE INVESTMENT GAINS/(LOSSES)				
Net gains/(losses) on investments	8	(58,396) 57,892	(58,396) 57,892	942,848 (2,333)
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES				
		(504)	(504)	940,515
NET MOVEMENT IN FUNDS				
		(504)	(504)	940,515
RECONCILIATION OF FUNDS:				
Total funds brought forward		940,515	940,515	-
TOTAL FUNDS CARRIED FORWARD		940,011	940,011	940,515

The notes on pages 9 to 15 form part of these financial statements.

THE WATSON FAMILY CHARITABLE TRUST

**BALANCE SHEET
AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Investments	8		576,114		507,388
CURRENT ASSETS					
Cash at bank and in hand		369,188		451,846	
CREDITORS: amounts falling due within one year	9	(5,291)		(18,719)	
NET CURRENT ASSETS			363,897		433,127
NET ASSETS			940,011		940,515
CHARITY FUNDS					
Unrestricted funds	11		940,011		940,515
TOTAL FUNDS			940,011		940,515

The financial statements were approved by the Trustees on 8 December 2017 and signed on their behalf, by:

Mr Ian Watson

The notes on pages 9 to 15 form part of these financial statements.

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The Watson Family Charitable Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Income

All income is recognised once the charitable incorporated organisation has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

1.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity.

Governance costs are those incurred in connection with administration of the charitable incorporated organisation and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.4 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

1.5 Interest receivable

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

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

1.6 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.

1.7 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charitable incorporated organisation anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.8 Financial instruments

The charitable incorporated organisation 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.9 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable incorporated organisation and which have not been designated for other purposes.

1.10 Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Donations	-	-	1,000,000
Other donations	-	-	3,962
	<hr/>	<hr/>	<hr/>
Total donations and legacies	-	-	1,003,962
	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	<u>1,003,962</u>	<u>1,003,962</u>	

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	1,474	1,474	151
Investment income	10,936	10,936	7,423
	<u>12,410</u>	<u>12,410</u>	<u>7,574</u>
<i>Total 2016</i>	<u>7,575</u>	<u>7,575</u>	

4. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on investment management	444	444	-
Costs of generating funds	444	444	-
Grants to institutions	64,027	64,027	61,840
Support costs - governance	6,335	6,335	6,848
	<u>70,806</u>	<u>70,806</u>	<u>68,688</u>
<i>Total 2016</i>	<u>68,688</u>	<u>68,688</u>	

Grants were paid or committed in respect of the following institutions:

	2017 £	2016 £
Marval - Ryan Robinson apprenticeship support	14,227	9,840
Mikwano Childrens' Trust Uganda	32,400	11,000
Jesmond Church	2,400	-
Parkinsons UK	5,000	-
Hadrian School	10,000	-
Dry Eye Research	-	20,000
CRUSE and NE Counselling Services	-	10,000
Matt Hampson Foundation	-	10,000
Jesmond Residents Association	-	1,000
Total	<u>64,027</u>	<u>61,840</u>

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

5. SUPPORT COSTS - GOVERNANCE

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Auditor's remuneration	-	-	1,200
Legal fees	-	-	3,962
Accountancy fees	2,360	2,360	1,680
Bank charges	2	2	6
Other sundry costs	1,865	1,865	-
Travel costs	2,108	2,108	-
	<u>6,335</u>	<u>6,335</u>	<u>6,848</u>

6. NET INCOME/(EXPENDITURE)

This is stated after charging:

	Year 31 March 2017 £	31 March 2016 £
Auditors' remuneration - audit	-	1,200

During the year, no Trustees received any remuneration, benefits in kind or reimbursement of expenses (2016 - £NIL).

7. INDEPENDENT EXAMINER'S REMUNERATION

The Independent Examiner's remuneration amounts to an Independent Examination fee of £1,280 and a fee for accountancy services of £1,080.

THE WATSON FAMILY CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

8. FIXED ASSET INVESTMENTS

	Listed securities £	Other investments £	Total £
Market value			
At 1 April 2016	507,381	7	507,388
Additions	-	10,936	10,936
Disposals	-	(102)	(102)
Revaluations	57,892	-	57,892
	565,273	10,841	576,114
At 31 March 2017	565,273	10,841	576,114

Investments at market value comprise:

	2017 £		2016 £
Listed investments	565,273		507,381
Other fixed asset investments	10,841		7
Total market value	576,114		507,388
	576,114		507,388

All the fixed asset investments are held in the UK

9. CREDITORS: Amounts falling due within one year

	2017 £		2016 £
Bank loans and overdrafts	-		9,836
Other creditors - grants committed	-		6,000
Accruals and deferred income	5,291		2,883
	5,291		18,719
	5,291		18,719

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

10. FINANCIAL INSTRUMENTS

	Year 31 March 2017 £	<i>31 March 2016 £</i>
Financial assets measured at fair value through income and expenditure	576,114	<i>507,388</i>
Financial liabilities measured at amortised cost	6,410	<i>18,718</i>

Financial assets measured at fair value through income and expenditure comprise investments.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, other creditors and accruals.

11. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2017 £
Unrestricted funds					
General funds	940,515	12,410	(70,806)	57,892	940,011

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 15 January 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2016 £</i>
Unrestricted funds					
General funds	-	<i>1,011,536</i>	<i>(68,688)</i>	<i>(2,333)</i>	<i>940,515</i>
	-	<i>1,011,536</i>	<i>(68,688)</i>	<i>(2,333)</i>	<i>940,515</i>
Total of funds	-	<i>1,011,536</i>	<i>(68,688)</i>	<i>(2,333)</i>	<i>940,515</i>

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12. RELATED PARTY TRANSACTIONS

There are no related party transactions in the period under review that require disclosure in these financial statements.

	Year	
	31 March	<i>31 March</i>
	2017	<i>2016</i>
	£	£
Donated investments received from Mr Ian Watson, Trustee	-	<i>1,000,000</i>
Donated legal fees from Muckle LLP, a law firm in which Mr Hugh Welch, Trustee, is a member.	-	<i>3,962</i>
	<u> </u>	<u> </u>