

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

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 2018**

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 2018

The Trustees present their annual report together with the financial statements for the year ended 31 March 2018.

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 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

The CIO provides financial assistance by way of grants to local and medical causes, and for humanitarian purposes, to organisations or individuals for the public benefit.

Achievements and performance

a. Key financial performance indicators

The trustees have regard only to financial performance of the CIO's investments including investment fluctuations. They note that the overall performance for the year, after a reduction in capital value, was less than 2%. Whilst this is disappointing, they acknowledge that investment performance of the global markets has been poor, which has had an impact on this result.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2018

b. Review of activities

The CIO was established in 2015 with a donation of £1,000,000 from Mr Ian Watson, a Trustee. The Board has met twice during the period to agree the payment of grants that are the subject of these financial statements. The Board continues a four-year commitment to an employee apprenticeship programme totalling £56,506, of which £20,702 was paid during this period, though this funding is contingent upon the principal condition that the apprentice remains employed. The CIO also made grant payments to benefit local communities and for humanitarian purposes overseas. These various grant payments totalled £151,031, which are detailed in note 4 to the financial statements.

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

During the year, the investment assets and cash held generated income of £10,833. This, coupled with donation income of £200 brought total income for the CIO to £11,033. After grants paid out in line with its objectives of £151,031, and expenditure on governance costs and investment management fees, the CIO incurred a deficit in the year of £146,383 before losses on investments of £1,271. The resulting overall deficit for the year of £147,654 has been offset against unrestricted funds brought forward of £940,011 leaving £792,357 of unrestricted funds to be carried forward for use in future periods.

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 the 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 2018

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.

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.

This report was approved by the Trustees, on 1 October 2018 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 2018**

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 2018.

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.

THE WATSON FAMILY CHARITABLE TRUST

**INDEPENDENT EXAMINER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018**

Independent examiner's statement

Your attention is drawn to the fact that the charitable incorporated organisation has prepared the accounts in accordance with 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) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

I understand that this has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

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: 2 October 2018

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 2018**

	Note	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:				
Donations and legacies	2	200	200	-
Investments	3	10,833	10,833	12,410
TOTAL INCOME		<u>11,033</u>	<u>11,033</u>	<u>12,410</u>
EXPENDITURE ON:				
Raising funds		1,719	1,719	444
Charitable activities		155,697	155,697	70,362
TOTAL EXPENDITURE	4	<u>157,416</u>	<u>157,416</u>	<u>70,806</u>
NET (EXPENDITURE) / INCOME BEFORE INVESTMENT GAINS/(LOSSES)				
Net gains/(losses) on investments	7	(146,383) (1,271)	(146,383) (1,271)	(58,396) 57,892
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(147,654)	(147,654)	(504)
NET MOVEMENT IN FUNDS		(147,654)	(147,654)	(504)
RECONCILIATION OF FUNDS:				
Total funds brought forward		940,011	940,011	940,515
TOTAL FUNDS CARRIED FORWARD		<u><u>792,357</u></u>	<u><u>792,357</u></u>	<u><u>940,011</u></u>

The notes on pages 9 to 13 form part of these financial statements.

THE WATSON FAMILY CHARITABLE TRUST

**BALANCE SHEET
AS AT 31 MARCH 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Investments	7		583,601		576,114
CURRENT ASSETS					
Debtors	8	84		-	
Cash at bank and in hand		214,047		369,188	
		214,131		369,188	
CREDITORS: amounts falling due within one year	9	(5,375)		(5,291)	
NET CURRENT ASSETS			208,756		363,897
NET ASSETS			792,357		940,011
CHARITY FUNDS					
Unrestricted funds	10		792,357		940,011
TOTAL FUNDS			792,357		940,011

The financial statements were approved by the Trustees on 1 October 2018 and signed on their behalf, by:

Mr Ian Watson

The notes on pages 9 to 13 form part of these financial statements.

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018

1. ACCOUNTING POLICIES (continued)

1.6 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.

1.7 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 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	200	200	-

3. INVESTMENT INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest receivable	456	456	1,474
Investment income	10,377	10,377	10,936
	<u>10,833</u>	<u>10,833</u>	<u>12,410</u>
<i>Total 2017</i>	<u>12,410</u>	<u>12,410</u>	

THE WATSON FAMILY CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on investment management	1,719	1,719	444
Costs of raising funds	1,719	1,719	444
Grants to institutions	151,031	151,031	64,027
Support costs - governance	4,666	4,666	6,335
	157,416	157,416	70,806
<i>Total 2017</i>	<i>70,806</i>	<i>70,806</i>	

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

	2018 £	2017 £
Marval - Ryan Robinson apprenticeship support	20,702	14,227
St George's, Jesmond Church lighting	66,229	2,400
Archbishop of York's Youth Trust	3,100	-
Mikwano Childrens' Trust Uganda	61,000	32,400
Parkinsons UK	-	5,000
Hadrian School	-	10,000
Total	151,031	64,027

Support costs - governance

	2018 £	2017 £
Accountancy fees	2,478	2,360
Bank charges	-	2
Other sundry costs	336	1,865
Travel costs	1,852	2,108
Total	4,666	6,335

5. NET INCOME/(EXPENDITURE)

During the year, no Trustees received any remuneration, benefits in kind or reimbursement of expenses (2017 - £NIL).

THE WATSON FAMILY CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. INDEPENDENT EXAMINER'S REMUNERATION

The Independent Examiner's remuneration amounts to an Independent Examination fee of £1,518 (2017 - £1,280) and a fee for accountancy services of £960 (2017 - £1,080).

7. FIXED ASSET INVESTMENTS

	Listed securities £	Other investments £	Total £
Market value			
At 1 April 2017	565,273	10,841	576,114
Additions	-	8,758	8,758
Revaluations	(1,271)	-	(1,271)
	<u>564,002</u>	<u>19,599</u>	<u>583,601</u>
At 31 March 2018	<u><u>564,002</u></u>	<u><u>19,599</u></u>	<u><u>583,601</u></u>

Investments at market value comprise:

	2018 £	2017 £
Listed investments	564,002	565,273
Cash held for investment	19,599	10,841
	<u>583,601</u>	<u>576,114</u>
Total market value	<u><u>583,601</u></u>	<u><u>576,114</u></u>

All the fixed asset investments are held in the UK

8. DEBTORS

	2018 £	2017 £
Prepayments and accrued income	84	-
	<u>84</u>	<u>-</u>

9. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Accruals and deferred income	5,375	5,291
	<u>5,375</u>	<u>5,291</u>

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

10. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2018 £
Unrestricted funds					
General funds	940,011	11,033	(157,416)	(1,271)	792,357
	<u>940,011</u>	<u>11,033</u>	<u>(157,416)</u>	<u>(1,271)</u>	<u>792,357</u>

STATEMENT OF FUNDS - PRIOR YEAR

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