

THE WATSON FAMILY CHARITABLE TRUST

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

THE WATSON FAMILY CHARITABLE TRUST

CONTENTS

	Page
Reference and administrative details of the charitable incorporated organisation, its Trustees and advisers	1
Trustees' report	2 - 4
Independent examiner's report	5 - 6
Statement of financial activities	7
Balance sheet	8
Notes to the financial statements	9 - 16

THE WATSON FAMILY CHARITABLE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE INCORPORATED ORGANISATION,
ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019

Trustees	Mr Ian Watson Mrs Claire Watson Mr Hugh Welch Mr Mark Watson Mr Craig Watson (appointed 1 October 2018)
Charity registered number	1159965
Principal office	3 Keel Row The Watermark Gateshead NE11 9SZ
Accountants	Ryecroft Glenton Chartered Accountants 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 2019

The Trustees present their annual report together with the financial statements of the charitable incorporated organisation for the year 1 April 2018 to 31 March 2019.

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.

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

b. Strategies for achieving objectives

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.

THE WATSON FAMILY CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance

a. Key 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 was 3.2%. The trustees are extremely satisfied with this result given the volatility of stock market conditions generally during the year.

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 £11,738 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 £117,294, which are detailed in note 6 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

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the CIO 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. 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.

c. 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.

THE WATSON FAMILY CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Structure, governance and management

a. Methods of appointment or election of Trustees

The management of the CIO 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.

Statement of Trustees' responsibilities

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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable incorporated organisation will continue in business.

The Trustees are responsible for keeping adequate 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.

Approved by order of the members of the board of Trustees on 19 December 2019 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 2019

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 2019.

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 the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

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 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.

THE WATSON FAMILY CHARITABLE TRUST

INDEPENDENT EXAMINER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

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.

20 December 2019

Nigel Wyrley-Birch FCA

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

THE WATSON FAMILY CHARITABLE TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:				
Donations and legacies	3	12,050	12,050	200
Investments	4	9,361	9,361	10,833
		21,411	21,411	11,033
Total income				
Expenditure on:				
Investment management	5	1,390	1,390	1,719
Charitable activities:				
Grants paid in the year		117,294	117,294	151,030
Governance costs		3,000	3,000	2,478
Other		78	78	2,188
		121,762	121,762	157,415
Total expenditure				
Net gains on investments		11,435	11,435	(1,271)
		(88,916)	(88,916)	(147,653)
Net movement in funds				
Reconciliation of funds:				
Total funds brought forward		792,358	792,358	940,011
Net movement in funds		(88,916)	(88,916)	(147,653)
		703,442	703,442	792,358
Total funds carried forward				

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 9 to 16 form part of these financial statements.

THE WATSON FAMILY CHARITABLE TRUST

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	11	602,469	583,601
		<u>602,469</u>	<u>583,601</u>
Current assets			
Debtors	12	6	84
Cash at bank and in hand		104,382	214,047
		<u>104,388</u>	<u>214,131</u>
Creditors: amounts falling due within one year	13	(3,415)	(5,374)
Net current assets		<u>100,973</u>	<u>208,757</u>
Total assets less current liabilities		<u>703,442</u>	<u>792,358</u>
Net assets excluding pension asset		<u>703,442</u>	<u>792,358</u>
Total net assets		<u><u>703,442</u></u>	<u><u>792,358</u></u>
Charity funds			
Restricted funds	15	-	-
Unrestricted funds	15	703,442	792,358
Total funds		<u><u>703,442</u></u>	<u><u>792,358</u></u>

The Trustees consider that the charitable incorporated organisation is entitled to exemption from the requirement to have an audit under the provisions of section 144(2) of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Charities Act 2011 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 19 December 2019 and signed on their behalf by:

Mr Ian Watson
Chairman

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

The charitable incorporated organisation is registered with the Charity Commission for England and Wales, number 1159965. Its principal administration address is 3 Keel Row, The Watermark, Gateshead, NE11 9SZ.

The charitable incorporated organisation is a grant-making charity.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Watson Family Charitable Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 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.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.3 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. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity.

Expenditure on raising funds includes all expenditure incurred by the charitable incorporated organisation to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 Expenditure (continued)

Expenditure on charitable activities is incurred on directly undertaking the activities which further the charitable incorporated organisation's objectives, as well as any associated support costs.

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.

All expenditure is inclusive of irrecoverable VAT.

2.4 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 institution with whom the funds are deposited.

2.5 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 the 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 presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

2.6 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.

Investment income, gains and losses are allocated to the appropriate fund.

3. Income from donations and legacies

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations	12,050	12,050	200

THE WATSON FAMILY CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Income from local listed investments	9,065	9,065	10,377
Interest receivable	296	296	456
	<u>9,361</u>	<u>9,361</u>	<u>10,833</u>

5. Investment management costs

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Investment management fees	1,390	1,390	1,719
	<u>1,390</u>	<u>1,390</u>	<u>1,719</u>

6. Grants to institutions

	Grants to Institutions 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Marval Electrical - Ryan Robinson apprenticeship Grants	11,738	11,738	20,701
Little Sisters	10,000	10,000	61,000
Archbishop of York's Youth Trust	6,762	6,762	3,100
Alan Shearer Foundation	30,000	30,000	-
Success for All	12,000	12,000	-
Percy Hedley Foundation	41,000	41,000	-
St George's Church Jesmond - for the community of Jesmond	5,794	5,794	66,229
	<u>117,294</u>	<u>117,294</u>	<u>151,030</u>

THE WATSON FAMILY CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Support costs

	2019	Total funds 2019	<i>Total funds 2018</i>
	£	£	£
Accountancy fees - governance	3,000	3,000	2,478
Sundry costs	78	78	336
Travel costs	-	-	1,852
	3,078	3,078	4,666
	3,078	3,078	4,666
<i>Total 2018</i>	4,666	4,666	
	4,666	4,666	

8. Analysis of charitable activities

	Grant funding activities 2019	Support costs 2019	Total funds 2019	<i>Total funds 2018</i>
	£	£	£	£
Activities	117,294	4,468	121,762	157,415
	117,294	4,468	121,762	157,415
	117,294	4,468	121,762	157,415
<i>Total 2018</i>	151,030	6,385	157,415	
	151,030	6,385	157,415	

9. Independent examiner's remuneration

	2019	<i>2018</i>
	£	£
Fees payable to the charitable incorporated organisation's independent examiner for the independent examination of the charitable incorporated organisation's annual accounts	1,540	1,518
Fees payable to the charitable incorporated organisation's independent examiner in respect of:		
Taxation compliance services	480	-
Accountancy services	980	960
	980	960

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 31 March 2019, no Trustee expenses have been incurred (2018 - £NIL).

11. Fixed asset investments

	Listed investments £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 April 2018	564,002	27,032	591,034
Revaluations	11,435	-	11,435
At 31 March 2019	575,437	27,032	602,469
Net book value			
At 31 March 2019	575,437	27,032	602,469
<i>At 31 March 2018</i>	<i>564,002</i>	<i>27,032</i>	<i>591,034</i>

12. Debtors

	2019 £	2018 £
Due within one year		
Prepayments and accrued income	6	84
	6	84

13. Creditors: Amounts falling due within one year

	2019 £	2018 £
Accruals and deferred income	3,415	5,374

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through income and expenditure	104,382	214,047
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	(3,415)	(5,374)

THE WATSON FAMILY CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Statement of funds

Statement of funds - current year

	Balance at 1 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2019 £
Unrestricted funds					
General Funds	792,358	21,411	(121,762)	11,435	703,442

Statement of funds - prior year

	<i>Balance at 1 April 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2018 £</i>
Unrestricted funds					
General Funds	<i>940,011</i>	<i>11,033</i>	<i>(157,415)</i>	<i>(1,271)</i>	<i>792,358</i>

16. Summary of funds

Summary of funds - current year

	Balance at 1 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2019 £
General funds	792,358	21,411	(121,762)	11,435	703,442

Summary of funds - prior year

	<i>Balance at 1 April 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2018 £</i>
General funds	<i>940,011</i>	<i>11,033</i>	<i>(157,415)</i>	<i>(1,271)</i>	<i>792,358</i>

THE WATSON FAMILY CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Total funds 2019 £
Fixed asset investments	602,469	602,469
Current assets	104,388	104,388
Creditors due within one year	(3,415)	(3,415)
Total	<u>703,442</u>	<u>703,442</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Fixed asset investments	583,601	583,601
Current assets	214,131	214,131
Creditors due within one year	(5,374)	(5,374)
Total	<u>792,358</u>	<u>792,358</u>

18. Related party transactions

There are no transactions with related parties that require separate disclosure.