

**THE COTTON TREE TRUST**

**TRUSTEES' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Charity No: 1172069**

# **THE COTTON TREE TRUST**

## **REPORT AND FINANCIAL STATEMENTS**

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# THE COTTON TREE TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees present their annual report and financial statements of the charity for the year ended 31 December 2021.

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 Trust Deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### THE CHARITY'S VISION

Our vision is an inclusive society that respects the rights and dignity of asylum seekers and refugees, seeking justice and a flourishing life for all.

#### AIMS

We aim to help a limited number of impoverished refugees, asylum seekers and their families to move on with their lives by providing an excellent, personally sensitive holistic service. We also help the wider community of refugees and asylum seekers by working with banks to make it easier for them to obtain bank accounts.

#### OBJECTIVES

To help refugees, asylum seekers and their dependants in this country, principally through:

1. the provision of legal and other advice
2. the alleviation of financial and practical hardships
3. the building of resilience through community
4. educational and recreational support
5. mental and physical health support
6. signposting to organisations and individuals providing forms of support that we cannot provide.

Our objectives are set out in full in our Trust Deed and can be found on the Charity Commission website.

Clients are generally referred to us by charities that do not have the resources to help them, for example, the Refugee Council and the Red Cross. They sometimes come from personal recommendations.

#### STRUCTURE

The Charity has two branches: Legal & Casework and Heal & Grow.

#### SERVICES

Clients seeking asylum or humanitarian protection may need one or more of the following four services:

1. **Social and emotional support from our Heal & Grow branch**, enabling them
  - a) to tell and explore their traumatic stories,
  - b) to hear and learn from others in similar situations, and
  - c) to endure long waiting times and the indignities of being unable to work, study and make basic life choices.

The community meets regularly on zoom, in workshops, on trips (e.g. to Kew Gardens) etc.

We say on our website:

*The asylum process is usually long and devastating. Delays can be endless and honest testimonies disbelieved. Expectations of people with traumatic histories—that they should lucidly recall, on cue, everything that has happened to them—are often wildly unrealistic. When all goes well and leave to remain is granted, settling in the UK as a refugee can also be a difficult challenge.*

*All this can be unbearable if one is lonely and isolated. Our aim in the Heal & Grow branch is to help members to develop resilience through community. We meet informally at social gatherings, and regularly in workshops. Members, staff and volunteers share 'relaxed time' for talking, listening and creativity.*

## THE COTTON TREE TRUST

### TRUSTEES' REPORT (Cont/d)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

2. **Legal support pre-leave to remain**, including
  - a) help making and pursuing a claim (obtaining crucial evidence, e.g. of home country conditions, physical /mental problems etc), preparing statements, discussing the progress of the case etc); and
  - b) finding solicitors to pursue claims and where necessary appeal against adverse decisions.
3. **Legal/practical help pre-leave to remain**, including
  - a) ensuring that the Home Office provides the support and accommodation it is legally required to provide;
  - b) providing additional support where needed (ensuring that physical/mental health issues are dealt with appropriately, finding schools for children, providing wifi devices, food vouchers etc).
4. **Legal/practical help post-leave to remain**, including
  - a) opening a bank account;
  - b) obtaining universal credit;
  - c) obtaining housing; and
  - d) finding study opportunities and/or work.

Clients are invited to maintain their connections with the Charity indefinitely and to ask for help as required.

#### FUNDING OBJECTIVES

While the Charity has adequate funds to continue for about another three years to provide services at their current level, further funding will be needed to enable us to maintain and expand our unique holistic assistance to asylum seekers and refugees.

Many organisations offer refugees and asylum seekers legal and practical support, but social and emotional issues are often treated as secondary. Alternatively, they focus on the latter but not the former. From the start, we have been committed to engaging holistically and personally with our clients; one of our original aims was to offer a good service to a few rather than a poor service for many. As far as we are aware, there are no other organisations that aim for all-round quality rather than targeted quantity (e.g. as many successes as possible in gaining leave to remain or finding work). This focus is much more demanding than it sounds. No two asylum seekers or refugees are identical, and it can take time to get to know them and fully assess their needs. This is imperative, we believe, in a system that tends to de-personalise people, and it has enormous benefits (including a high legal success rate). But it brings organisational challenges in terms of staff time and potential burn-out, as well as the responsibility of being fair. Our services are labour intensive as we negotiate the balance of acute and varied individual needs.

#### WHAT DOES THE HOME OFFICE PROVIDE FOR ASYLUM SEEKERS?

It is important here to distinguish between what the Home Office is supposed to provide and what is provided in reality for destitute asylum seekers. In the broadest terms, the Home Office is supposed to provide for most destitute asylum seekers either hotel or hostel accommodation with meals plus £8pw or self-catering accommodation plus £40.85pw. There are rules as to what should be included in the accommodation (e.g. functional toilets, bathrooms, refrigerators etc.) and a timescale within which breakdowns, plumbing problems etc should be dealt with.

Further, while there used to be a target at the Home Office to determine most asylum claims within 6 months of the claim being made, that target has been abandoned and it can take over a year for the Home Office even to arrange an interview with a claimant.

In practice, there are constant problems

- a) with the quality of the accommodation and, where provided, of the food which we help our clients address;
- b) with the appropriateness of the accommodation taking into account the reasonable needs of the asylum seeker;
- c) with failures by the Home Office to pay the sums it is supposed to pay, at times for over a year, until threatened with litigation;
- d) with the ability of an asylum seeker to meet their basic needs from the sums paid by the Home Office, needs which, in the case of our clients, the Charity has then to provide for ;
- e) pursuing the Home Office to deal with issues - usually this must be done by phone to a line which is constantly busy or where the caseworker and claimant have to wait several hours, often unsuccessfully, for the call to be answered.

## THE COTTON TREE TRUST

### TRUSTEES' REPORT (Cont/d)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

In 2021, one of our clients wrote this about the weekly allowance, then £39.63

*"The financial allowance for people like me is a death sentence. The London living wage is £10.20 per hour, but asylum seekers are expected to live on £5.39 a day.*

*I accept this allowance in order to sustain my miserable life and communicate my message.*

*The government of my country is abusing and killing people. It killed my family.*

*The Cotton Tree is trying to get the Home Office to hear. Will they succeed? When? For how long must I live this way?*

*There are no special shops for people in my position. I have to go to the same shops as people who earn a proper wage. If I budget carefully, £5.39 will buy me: one loaf of bread, a pack of rice, a tin of beans, a litre of milk, one apple, one orange. This leaves nothing for travel, clothes, cleaning materials or personal hygiene.*

*On Home Office rations I face daily dilemmas. Shall I fill my stomach today and go hungry tomorrow? What choices should I make to preserve my health, so that I have the best chance of seeing my case through? How can I avoid getting sick? Should I walk or take the bus? What will I do when my boots wear out?*

*It's torture to see the things I can't buy on the market stalls. It's unbearable to be denied the right to work and give something back to the country that accepted me when I was in crisis.*

*I am a human being. I have a voice. I am you in another future, another space or time. We need to sustain each other in adversity in order to preserve mankind."*

#### ACHIEVEMENTS AND PERFORMANCE

##### Legal & Casework Branch

The Charity was registered with the Office of the Immigration Services Commissioner, registration being completed in January 2021. It is authorised to provide immigration services up to level 2, which includes helping with claims to the Home Office but does not include acting on appeals to a tribunal from a negative Home Office decision. In view of the current serious shortage of solicitors able to conduct such appeals on legal aid, the Charity is currently considering whether to apply to register at a higher level, which would enable it to act on such appeals. It would, however, need additional funding to make this possible.

In 2021 the Charity provided advice and assistance to about 50 asylum seekers and would be asylum seekers and others seeking the legal right to remain in the United Kingdom. It did this by helping them to tell their stories and present evidence for solicitors and immigration advisers, when they lacked the funds and skills to do this adequately themselves.

The Charity works with these professionals and supports their work with our clients. This is a vital service given the acute shortage of legal aid solicitors for such work and the fact that some of our clients have been unable to secure one without our intervention. By offering what we call 'relaxed time', we try to make sense of stories that are usually complex and frequently confused in their presentation. By writing strong, lucid statements and unearthing supporting evidence, we are often able to persuade solicitors to take on cases that they would otherwise reject because of time constraints. The Trust sometimes funds some of the legal costs of applications for the right to remain where legal aid is not available or is inadequate to cover everything that is needed. In 2021, at least 7 of those helped by the Charity obtained the right to remain. One of these was then able to bring his wife and children to join him here.

# THE COTTON TREE TRUST

## TRUSTEES' REPORT (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### The Heal & Grow Branch

The Charity's Heal and Grow Branch is currently led by a trustee, Ruth Cigman. It aims to help build confidence and resilience (social and emotional wellbeing) through reflection and the sharing of experiences. It meets at weekly discussion groups where clients discuss their difficulties, offer each other advice and encouragement, and enjoy what they describe as a family-like atmosphere in which everyone is treated with respect. In 2021, the facilitation of the weekly workshops was passed from Ruth Cigman to one of our founder members, Michael Mugishangyezi, in accord with our long-term goal of becoming, as far as possible, refugee-led.

The Heal & Grow branch plays a crucial role in helping members to find their voices, overcome shame, isolation and anxiety, make friends and eventually rebuild their lives. Before the Covid lockdown, the group met socially in person once a week, and enjoyed creative workshops like painting, poetry, myth & clay. During lockdown, the weekly meetings shifted to zoom, and one of our asylum seekers led a Conversations Project, in which members shared their stories one-to-one, and these were re-told anonymously and put on the website. This project led to a multimedia exhibition at Toynbee Hall in 2021. We also ran (on zoom) a Men's workshop, led by a psychotherapist and a trustee; an Art and Conversation workshop, led by artist and refugee Dina Karout; an Art and Feeling workshop, led by museum artist and psychotherapist Nana Zhvitiashvili; a Children's storytelling workshop, led by a trustee; and a Needlework workshop for women, led by textile artist and refugee Varvara Shavrova, in collaboration with Migrant Voice. These were all well-attended and alleviated the boredom and isolation of lockdown.

In 2022, the weekly zoom meetings continue to take place on zoom, but workshops have ceased due to resource constraints. Given adequate funds, we would like to employ people (preferably refugees) to restore the face-to-face services, social and creative, that were provided by the Heal & Grow branch prior to lockdown.

In 2021, the Heal & Grow branch also provided a limited number of therapy sessions, when these were urgently needed by our members and charities specialising in such help (Freedom from Torture, Helen Bamber, Room to Heal, Nafsiyat etc) were over-subscribed.

#### The Impact of COVID-19

While the COVID-19 pandemic brought obvious challenges, we remained open and active, helping over 50 asylum seekers and refugees during 2021.

The majority of asylum seekers are destitute and, at best, dependent on the paltry asylum support of £39.63 a week (increased in mid-2021 to £40.83 where it remains today despite high inflation over the last year). At the end of March 2020, charities providing food and clothing to destitute people closed their doors overnight, and even now many have not re-opened. Our clients' difficulties were compounded by the fact that food prices in local shops rose noticeably or were erratic, making it impossible for asylum seekers on the limited government allowances to budget properly. Those who were street homeless or in homeless shelters or dormitories were generally placed in hotel rooms, but the food was often cold, unhygienic, and lacking in basic nutrition.

We were fortunate to receive support from a number of funders for our work in response to the COVID-19 pandemic, including in the first half of 2021 the London Community Foundation, London Churches Refugee Fund and the Local Connect Fund. This allowed us to pivot our focus to be able to meet our clients' most basic needs: food and internet connectivity.

We provided grocery shopping vouchers and delivered food ourselves where needed; helping feed members and their families during the height of the pandemic. We have also continued to provide mobile phone top-ups for some and the loan of Wi-Fi devices to others.

The impact of our work in this area has been significant. In response to a survey we sent members regarding the support they received during March to July 2020, 94% said that this positively affected their wellbeing and 100% of respondents said that our COVID-19 and lockdown support was either 'very important' or 'critical' to their wellbeing and lives.

*"Lockdown - I had nothing. No thought of Tesco's. It came from someone's big effort . Very grateful."*

*"Thanks for [sending] vouchers toward my family needs during this very challenging time. It has been truly helpful and I have been able to care and buy my children's food and basic essential needs."*

## THE COTTON TREE TRUST

### TRUSTEES' REPORT (Cont/d)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

##### **BANKING FOR REFUGEES**

Following discussions between the Charity and Lloyds Banking Group in 2019, Lloyds Banking Group started a pilot project making it easier for refugees to open bank accounts. The pilot project was expanded in 2020 and the Charity continued to act as a link between other charities assisting refugees to open bank accounts and Lloyds Banking Group where problems were encountered.

By late 2021, the project had been extended to all branches of Lloyds Bank, Halifax Bank and the Bank of Scotland, and, with our initial assistance, seminars began to be held by the Lloyds Banking Group Customers Vulnerability team which were open to members of the Asylum Support Appeal Network (ASAN). Email contact details have now been provided by the Customer Vulnerability team on the ASAN network so that any member of that network having problems helping a refugee or asylum seeker to obtain a bank account can contact the team for assistance.

In addition, the Charity is regularly asked for and provides support and advice to other ASAN members with regard to obtaining bank accounts for their clients.

The Cotton Tree is proud that its efforts have resulted in this significant development which makes the lives of many asylum seekers and refugees and those helping them significantly easier in an area where there have been serious problems in the past.

Comments from other ASAN members include:

*"Fantastic news indeed  
Thank you very much"*

*"That's brilliant news; well done and thank you for your hard and tireless work on this!"*

*"We were really excited to read your email on ASAN last week. I manage the refugee support service at the British Red Cross in London. Our team support refugees and asylum seekers across London and we face ongoing issues with access to bank accounts."*

*"Thank you very much for helping me in this case. Your advice led to the Chinese lady getting a specific letter from her GP, and now she has her Lloyds Bank debit card! She is really happy and able to move forward with her job applications. So, thanks again."*

We estimate that by making it easier for asylum seekers and refugees to obtain bank accounts, we have already helped tens of thousands of people.

##### **Volunteers**

During 2021 the Charity had 7 volunteers.

##### **Employees**

During 2021 the Charity had 5 employees.

##### **Public benefit statement**

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PD2)'. The achievements and activities above demonstrate the public benefit arising through the Charity's activities.

# THE COTTON TREE TRUST

## TRUSTEES' REPORT (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### FINANCIAL REVIEW

The total donations we received during the period amounted to £16,563 (2020 - £25,771). Of this, £11,600 (2020 - £23,830) was restricted and the balance was unrestricted. This included grants from 2 new funders which we hope to be able to work with again in the future. This also includes donations in kind of £3,280 (2020 - £Nil).

Our total expenditure was £134,699 (2020 - £92,320). Fundraising took up about 10% of Janet Gilbert's time and is estimated, including an allowance for other overheads, at £2,500. Our deficit of income over expenditure during the period was £109,647 (2020 – net deficit of £63,286) and, after other gains, left us with reserves of £792,286 (2020 - £862,200). Our principal asset at the end of the period was a bank balance of £26,773 (2020 - £31,027), investments worth £767,652 (2020 - £829,309) and debtors (mainly refugees to whom we had made loans) of £4,786 (2020 - £3,998).

Average net interest rates on term deposit accounts in 2021 was about 1.3%. The longer term investments showed gains of 8.9% over the course of 2021. The Charity has an Ethical Investment Policy.

There are no known factors affecting the immediate financial position of the Charity going forward, but the combination of future inflation and an increased need for our services means that we are now looking to fundraise to secure our long term future. With that in mind we appointed Antoine Esteban as an additional trustee with expertise in fundraising in November 2021.

#### Principal funding sources

The charity continued to fund its activities from its original start-up funding. Apart from small donations, all new funding received in 2021 was to provide additional help to its clients during the Covid pandemic.

#### Investment powers and policy

The trustees have the powers of investment conferred by the Trustee Act 2000. They have an ethical investment policy.

#### Reserves policy

At the close of the period under review we retained over £150,000 unrestricted general funds available or becoming available for day to day expenditure in the course of 2022. The trustees consider this to be a prudent reserve at this stage of the Charity's development, having regard to our current plans re staffing and other commitments for 2022.

As at 31 December 2021 the financial statements showed reserves of £792,286 (2020 - £862,200) of which £Nil (2020 - £11,454) were restricted funds and £792,286 (2020 - £850,746) were unrestricted funds. The unrestricted funds not designated or invested in tangible fixed assets held by the charity are £791,297 (2020 - £849,907).

#### Going Concern

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

#### PLANS FOR THE COMING YEAR

During 2022 we will be launching a new three year strategic plan setting out our aims and expectations for the period 2021-24. We will develop our vision and mission with a view to strengthening our ability to meet the needs of the growing number of refugees and asylum seekers falling foul of the "hostile environment"

Over the course of 2022 we hope to get Leave to Remain for at least five clients. We also hope to support around 50 clients in other ways, as described above: socially, emotionally, practically etc. . In the Heal & Grow Branch we are looking to set up further sessions of our weekly discussion group as well as workshops, trips etc. We continue to monitor their individual wellbeing and keep in regular contact with those who benefit from one-to-one attention. We will also look to invest in additional therapeutic support as required.



## **THE COTTON TREE TRUST**

### **TRUSTEES' REPORT (Cont/d)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The organisation is a trust registered as a charity with the Charity Commission on 15 March 2017 (Charity no. 1172069). The charity is established under a written Trust Deed dated 22 October 2016 that established the objects and powers of the charity and is also governed under this Trust Deed.

##### **Recruitment and Appointment of Trustees**

The board of trustees is responsible for the management of the Charity. None of the trustees has any beneficial interest in the Charity. Trustees are appointed by a resolution of the trustees at a special meeting called in accordance with the provisions of the Trust Deed.

The Board met at monthly intervals throughout 2021. During the COVID-19 pandemic, the majority of meetings were held on zoom.

Janet Gilbert, General Manager, appointed on 1 February 2020, was the Charity's most senior staff member in 2021.

##### **Trustee induction and training**

New trustees are briefed on their legal obligations under charity law, the content of the Trust Deed, decision-making processes, policies, risk register, annual targets and financial performance. Trustees are also introduced to the Charity's staff and briefed on their areas of work. They are encouraged to attend appropriate training events.

##### **Organisation structure**

The Charity had 5 trustees for the majority of 2021. Two of those trustees worked actively throughout the year with the general manager, who had day to day responsibility for the running of the office and the management of the Charity's activities and its staff. Two other trustees also worked as volunteers on different aspects of the Charity's affairs. The Charity's staff, apart from the general manager, consisted of an immigration adviser, a caseworker, an administrative assistant (latterly with responsibility for developing the website and social media) and, from the latter part of 2021, a refugee who ran the weekly Heal & Grow Branch zoom meetings.

##### **Risk Management**

The trustees are committed to a policy of identifying, monitoring and managing the risks that might adversely affect the activities of the Charity. In this context, risk is defined as the potential to fail to achieve the Charity's objectives and for loss, financial and/or reputational. An ongoing process is in place for identifying, evaluating and managing any significant risks faced by the Charity and identified by the trustees or senior management. Appropriate actions have been put in place to mitigate the exposure to and possible consequences of these risks.

##### **Related parties**

During the year there were no related party transactions.

The Charity receives occasional pro bono advice from Dentons solicitors as to legal issues.

# THE COTTON TREE TRUST

## TRUSTEES' REPORT (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### REFERENCE AND ADMINISTRATIVE DETAILS

<b>Charity Number:</b>	1172069
<b>Trustees:</b>	Michael Mark Dr Ruth Cigman George Goldstein Kristine Stave Judith Favour Ahikire Antoine Esteban (Appointed 11 December 2021) Gareth Ross John Beaton (Appointed 19 March 2022)
<b>Senior Management:</b>	Janet Gilbert - General Manager (Retired on 5 July 2022) Oky Lee-Morris - Executive Director (Appointed on 6 June 2022)
<b>Registered Office:</b>	Dame Geraldine Aves Hall, 6-9 Manor Gardens, London N7 6LA
<b>Independent Examiner:</b>	S Shah, Ramon Lee Ltd, 93 Tabernacle Street, London EC2A 4BA
<b>Solicitors:</b>	Dentons UK and Middle East LLP The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, MK9 1FE
<b>Bankers:</b>	Lloyds Bank, Holborn Circus Branch London EC1N 2HP

#### TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities 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 charity 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 charity and the financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

This report was approved by the trustees on 10 October 2022 and signed on its behalf:

DocuSigned by:  
  
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.....  
**Michael Mark**  
Trustee

DocuSigned by:  
  
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.....  
**Ruth Cigman**  
Trustee

## **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE COTTON TREE TRUST**

I report on the financial statements of the charity for the year ended 31 December 2021, which are set out on pages 11 to 22.

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011. My work has been undertaken so that I might state to the charity'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 charity and the charity's trustees as a body, for my Independent Examination, for this report, or for the opinions I have formed.

### **Responsibilities and basis of report**

As the charity's trustees, you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the charity's financial statements 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 Act.

### **Independent examiner's statement**


Your attention is drawn to the fact that the charity has prepared financial statements in accordance with 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) 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 now been withdrawn.

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

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

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the financial statements did not accord with the accounting records; or
- the financial statements did not comply with the applicable requirements concerning the form and content of financial statements set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the financial statements 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 financial statements to be reached.

DocuSigned by:  
  
BFA6442682BF4CE...

**Samir Shah – Chartered Accountant**  
**RAMON LEE LTD**  
**93 TABERNACLE STREET**  
**LONDON EC2A 4BA**

**10 October 2022**

# THE COTTON TREE TRUST

## STATEMENT OF FINANCIAL ACTIVITIES

### FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
<b>Income</b>					
Donations and legacies	2	4,963	11,600	16,563	25,771
Investment income	3	8,489	-	8,489	3,264
<b>Total income</b>		<u>13,452</u>	<u>11,600</u>	<u>25,052</u>	<u>29,035</u>
<b>Expenditure</b>					
Cost of raising funds	4	3,106	-	3,106	-
Expenditure on charitable activities	4	108,539	23,054	131,593	92,320
<b>Total expenditure</b>		<u>111,645</u>	<u>23,054</u>	<u>134,699</u>	<u>92,320</u>
<b>Net income/(expenditure) and net movement in funds before gains and losses on investments</b>		(98,193)	(11,454)	(109,647)	(63,286)
Net gains/(losses) on investments	6	39,733	-	39,733	39,855
<b>Net movement in funds</b>		<u>(58,460)</u>	<u>(11,454)</u>	<u>(69,914)</u>	<u>(23,431)</u>
<i>Reconciliation of funds</i>					
Total funds, brought forward		850,746	11,454	862,200	885,630
<b>Total funds, carried forward</b>		<u><u>792,286</u></u>	<u><u>-</u></u>	<u><u>792,286</u></u>	<u><u>862,200</u></u>

The notes on pages 13 to 22 form part of these financial statements

# THE COTTON TREE TRUST

## BALANCE SHEET AS AT 31 DECEMBER 2021

	Notes	£	2021 £	£	2020 £
<b>Fixed assets</b>					
Tangible fixed assets	10		989		839
<b>Current assets</b>					
Debtors	11	4,786		3,998	
Investments	12	767,652		829,309	
Cash at bank and in hand		26,773		31,027	
		<u>799,211</u>		<u>864,334</u>	
<b>Liabilities</b>					
Creditors falling due with in one year	13	(7,914)		(2,973)	
		<u></u>		<u></u>	
<b>Net current assets</b>			791,297		861,361
<b>Net assets</b>			<u><u>792,286</u></u>		<u><u>862,200</u></u>
<b>The funds of the charity</b>					
Unrestricted funds	14		792,286		850,746
Restricted funds	14		-		11,454
<b>Total charity funds</b>			<u><u>792,286</u></u>		<u><u>862,200</u></u>

These financial statements were approved by the trustees on 10 October 2022 and were signed on its behalf by:

DocuSigned by:

*Michael Mark*

1714A42CAE5E4B6...

**Michael Mark**  
Trustee

DocuSigned by:

*Ruth Cigman*

1E2283383EF8417...

**Ruth Cigman**  
Trustee

Charity Number: 1172069

The notes on pages 13 to 22 form part of these financial statements

# THE COTTON TREE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the charity's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements 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 Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

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 note(s) to these financial statements.

##### 1.2 Preparation of financial statements on a going concern basis

The charity's financial statements show net deficit of £69,914 (2020 – net deficit £23,431) and free reserves of £791,297 (2020 - £849,907) as at the year end. The trustees are of the view that these results have secured the immediate future of the charity for the next 12 months and on this basis the charity is a going concern.

##### 1.3 Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and amount can be measured reliably. Investment income is included when receivable.

All income is included in the SOFA when the charity is legally entitled to it, receipt is probable and the amount can be measured with sufficient reliability.

##### Grant income

Grants are credited to the SOFA when the charity is entitled to the funds. Income is only deferred where there are time constraints imposed by the donor or if the funding is performance related.

Where entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the income is recognised when there is sufficient evidence that conditions will be met.

Grants supporting the core activities of the charity and with no specific restrictions placed upon their use are included within donations and legacies. Grants that have specific restrictions placed upon their use are included within income from charitable activities.

Capital grants for the purchase of fixed assets are credited to restricted incoming resources on the earlier date of when they are received or receivable. Depreciation on the related fixed assets are charged against the restricted fund.

##### Donations and legacies

Donations are recognised in the period in which they are received. Legacy income is recognised when the charity's entitlement is judged to be probable and where the amount can be reliably measured.

##### Investment Income

Investment income is included when receivable.

# THE COTTON TREE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.4 Volunteers and donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refers to the trustees' annual report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

#### 1.5 Expenditure recognition and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- (a) Cost of raising funds consists of staff time used to raise funds and their associated support costs.
- (b) Expenditure on charitable activities comprises the direct costs and the associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

#### 1.6 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance personnel and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 5.

#### 1.7 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 charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### 1.8 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful life on the following basis:

Office equipment – 25% straight line basis

#### 1.9 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

## THE COTTON TREE TRUST

### NOTES TO THE FINANCIAL STATEMENTS (Cont/d)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

##### **1.10 Cash at bank and in hand**

Cash at bank and in hand includes cash deposits 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.

##### **1.11 Creditors and provisions**

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

##### **1.12 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

##### **1.13 Pensions**

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

##### **1.14 Judgement and key sources of estimation uncertainty**

In the application of the charity's accounting policies, the charity is required to make judgments, 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.



# THE COTTON TREE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2. GRANTS AND DONATIONS

	Unrestricted Funds £	Restricted Funds	Total 2021 £	Total 2020 £
City Bridge Trust	-	-	-	4,980
Martin Lewis Grant	-	-	-	6,300
London Churches Grant R28	-	-	-	800
London Churches Grant R29	-	-	-	850
London Churches Grant R30	-	900	900	-
London Churches Grant R31	-	1,000	1,000	-
Local Connect Fund	-	1,400	1,400	-
The London Community Foundation	-	8,200	8,200	-
The Barrow Cadbury grant	-	100	100	10,900
Other donations < £500	1,683	-	1,683	1,941
Donations in kind	3,280	-	3,280	-
	<u>4,963</u>	<u>11,600</u>	<u>16,563</u>	<u>25,771</u>

Donation income in 2020 totalling £25,771 was attributed to restricted funds of £23,830 and unrestricted funds of £1,941.

The charity is indebted to solicitors, Dentons, for providing the pro bono professional services. The income equivalent is recognised within income as donations in kind, and corresponding charges included within expenditure under support costs as legal and professional costs of £3,180 (2020 – Nil). Donations in kind include £100 (2020 – Nil) towards pro bono services provided by trustees towards communication costs.

#### 3. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Interest on Investments	8,489	-	8,489	3,228
Bank Interest	-	-	-	36
	<u>8,489</u>	<u>-</u>	<u>8,489</u>	<u>3,264</u>

Investment income in 2020 totalling £3,264 was all attributed to unrestricted funds.

# THE COTTON TREE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 4. ANALYSIS OF EXPENDITURE

	Raising Funds £	Legal & Casework £	Destitution Support £	Heal & Grow £	Total 2021 £	Total 2020 £
Staff Costs	2,311	43,946	3,465	6,784	56,506	37,145
Monitoring & Evaluation	-	1,848	1,155	1,155	4,158	-
Staff Training	-	84	93	583	760	-
Programme Costs	-	1,616	6,079	13,665	21,360	23,109
Travel Costs	-	-	335	-	335	-
Food Parcels	-	-	13,790	-	13,790	9,000
Communication Costs	-	-	3,586	-	3,586	-
Fundraising Costs	6	-	-	-	6	-
Support costs (Note 5)	711	14,561	8,739	6,802	30,813	21,211
Governance costs (Note 5)	78	1,600	960	747	3,385	1,855
	<u>3,106</u>	<u>63,655</u>	<u>38,202</u>	<u>29,736</u>	<u>134,699</u>	<u>92,320</u>

Of the £134,699 expenditure in 2021 (2020 - £92,320), £111,645 was charged to unrestricted funds (2020 - £79,944) and £23,054 to restricted funds (2020 - £12,376).

#### 5. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs and other support costs are apportioned separately between charity's key activity undertaken (see note 4) in the year. All the general support and governance costs have been apportioned to the various charitable activities on the basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

	General Support £	Governance Function £	Total 2021 £	Total 2020 £
Staff Costs	4,005	1,405	5,410	2,724
Monitoring & Evaluation	462	-	462	-
Premises Costs	13,682	-	13,682	10,443
Communication & IT Costs	1,903	-	1,903	2,513
Legal & Professional Costs	6,896	-	6,896	3,333
Subscriptions	523	-	523	383
Depreciation	423	-	423	280
Recruitment Costs	491	-	491	187
Investment Management Fees	1,628	-	1,628	1,047
Trustee Expenses	-	-	-	59
Sundry expenses	800	-	800	897
Independent Examiner's Fees	-	1,980	1,980	1,200
	<u>30,813</u>	<u>3,385</u>	<u>34,198</u>	<u>23,066</u>

Legal & professional costs include pro bono professional services of £3,180 (2020 - £Nil) from solicitors, Dentons. Communication costs include £100 (2020 - Nil) towards pro bono services provided by trustees.

# THE COTTON TREE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 6. GAINS / (LOSSES) ON INVESTMENT ASSETS

	2021 £	2020 £
Realised/unrealised gains/(losses) on investments	39,733	39,855
	<u>39,733</u>	<u>39,855</u>

#### 7. NET INCOME/(EXPENDITURE) FOR THE YEAR

	2021 £	2020 £
<b>Net movement in funds is shown after charging:</b>		
Independent examiner's fees	1,980	1,200
Depreciation on tangible fixed assets	<u>423</u>	<u>280</u>

#### 8. ANALYSIS OF STAFF COSTS, TRUSTEES REMUNERATION AND EXPENSES, AND COST OF KEY MANAGEMENT PERSONNEL

	2021 £	2020 £
Salaries	64,191	37,290
National Insurance	977	-
Pension	1,368	781
	<u>66,536</u>	<u>38,071</u>

No employee had employee benefits in excess of £60,000 (2020 - £nil).

No trustee received reimbursed expenses during the year (2020 - £59).

The key management personnel of the charity comprise the general manager. The total employee benefits of the key management personnel of the charity were £25,575 (2020 - £20,045).

#### 9. STAFF NUMBERS

The average monthly number of staff employed by the charity during the year was as follows:

	2021	2020
Direct charitable work	3.5	2

The average monthly number of persons employed by the charity during the year was 3.5 (2020 – 2).

# THE COTTON TREE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 10. TANGIBLE FIXED ASSETS

	2021	2020
	£	£
<b>Net book value:</b>		
Office Equipments	989	839
	<u>989</u>	<u>839</u>

#### Movements in the period:

<b>Cost:</b>	<b>Opening Balances</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing Balances</b>
	£	£	£	£
Office Equipments	1,119	573	-	1,692
	<u>1,119</u>	<u>573</u>	<u>-</u>	<u>1,692</u>

<b>Depreciation:</b>	<b>Opening Balances</b>	<b>Charge For Period</b>	<b>Disposals</b>	<b>Closing Balances</b>
	£	£	£	£
Office Equipments	280	423	-	703
	<u>280</u>	<u>423</u>	<u>-</u>	<u>703</u>

#### 11. DEBTORS

	2021	2020
	£	£
Other debtors	3,610	3,998
Prepayments	1,176	-
	<u>4,786</u>	<u>3,998</u>

#### 12. INVESTMENTS

	2021	2020
	£	£
Listed investments	448,306	408,451
Unlisted investments	319,346	420,858
	<u>767,652</u>	<u>829,309</u>

# THE COTTON TREE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 13. CREDITORS: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	3,951	1,281
Other Creditors	383	492
Accruals	3,580	1,200
	<u>7,914</u>	<u>2,973</u>

#### 14. MOVEMENT IN FUNDS

	Balance at 01.01.21 £	Income £	Expenditure £	Gains/ (losses)	Balance at 31.12.21 £
<b>Restricted funds:</b>					
Martin Lewis Grant	518	-	518	-	-
London Churches Grant R29	850	-	850	-	-
London Churches Grant R30	-	900	900	-	-
London Churches Grant R31	-	1,000	1,000	-	-
The Barrow Cadbury grant	10,086	100	10,186	-	-
Local Connect Fund	-	1,400	1,400	-	-
The London Community Foundation	-	8,200	8,200	-	-
	<u>11,454</u>	<u>11,600</u>	<u>23,054</u>	<u>-</u>	<u>-</u>
<b>Unrestricted funds</b>					
General funds	850,746	13,452	111,645	39,733	792,286
	<u>850,746</u>	<u>13,452</u>	<u>111,645</u>	<u>39,733</u>	<u>792,286</u>
<b>Total funds</b>	<u>862,200</u>	<u>25,052</u>	<u>134,699</u>	<u>39,733</u>	<u>792,286</u>

# THE COTTON TREE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 14. MOVEMENT IN FUNDS (Cont/d)

##### Movement in funds – previous year

	Balance at 01.01.20	Income	Expenditure	Gains/ (losses)	Balance at 31.12.20
	£	£	£	£	£
<b>Restricted funds:</b>					
City Bridge Trust	-	4,980	4,980	-	-
Martin Lewis Grant	-	6,300	5,782	-	518
London Churches Grant R28	-	800	800	-	-
London Churches Grant R29	-	850	-	-	850
The Barrow Cadbury grant	-	10,900	814	-	10,086
	-	23,830	12,376	-	11,454
<b>Unrestricted funds</b>					
General funds	885,630	5,205	79,944	39,855	850,746
	885,630	5,205	79,944	39,855	850,746
<b>Total funds</b>	<b>885,630</b>	<b>29,035</b>	<b>92,320</b>	<b>39,855</b>	<b>862,200</b>

##### Description, nature and purpose of restricted funds:

- **Martin Lewis grant** – Funding towards our work in response to the COVID-19 pandemic.
- **London Churches grant** – Funding to support work for the relief of destitute refugees and asylum seekers in the London area.
- **The Barrow Cadbury grant** – Funding to provide essentials of life, mental health support and activities
- **Local Connect Fund** – Funding towards project A.R.T. - Asylum seekers & Refugees Together.
- **The London Community Foundation** – Funding awarded from Covid-19: London Communities Coronavirus Appeal, towards regular essential food packages for members; internet access so isolated members can join support groups; staff to run new workshops in poetry, art and music.
- **City Bridge Trust** – Funding towards our work in response to the COVID-19 pandemic.

##### Description, nature and purpose of unrestricted funds:

**General funds:** General fund represents funds available to spend at the discretion of the trustees.

# THE COTTON TREE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 15. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	Unrestricted Funds	Restricted Funds £	Total 2021 £
Fixed assets	989	-	989
Net Current assets	791,297	-	791,297
	<u>792,286</u>	<u>-</u>	<u>792,286</u>

#### ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS – previous year

	Unrestricted Funds	Restricted Funds £	Total 2020 £
Fixed assets	839	-	839
Net Current assets	849,907	11,454	861,361
	<u>850,746</u>	<u>11,454</u>	<u>862,200</u>

#### 16. PENSION

The pension cost charge represents contributions payable by the charity to the fund and amounted to £1,288 (2020 - £781). Contributions totalling £365 (2020 - £127) were payable to the fund at the year end and are included in creditors.

#### 17. RELATED PARTY TRANSACTIONS

There are no related party transactions during the year (2020 – None)