

Charity registration number 1172069

THE COTTON TREE TRUST
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

THE COTTON TREE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Michael Mark Dr Ruth Cigman George Goldstein Kristine Stave Judith Favour Ahikire Shreya Mugdal Alison Marie Cox Antoine Esteban Gareth Ross John Beaton	(Resigned 4 November 2022) (Appointed 28 January 2023) (Appointed 28 January 2023, Resigned 17 June 2023) (Resigned 4 November 2022) (Appointed 19 March 2022, Resigned 3 November 2022)
Charity number	1172069	
OISC Reference Number	N202000123	
Senior Management	Oky Lee-Morris - Executive Director Janet Gilbert - General Manager Allison Marie Cox CEO	(Appointed on 6 June 2022, Resigned 4 November 2022) (Resigned 5 July 2022) (Appointed 22 June 2023)
Registered office	Manor Gardens Welfare Trust 6-9 Manor Gardens London N7 6LA	
Independent examiner	Samir Shah FCA, ATII Ramon Lee Ltd Chartered Accountants 93 Tabernacle Street London EC2A 4BA	
Bankers	Lloyds Bank Holborn Circus Branch London EC1N 2HP	
Solicitors	Dentons UK and Middle East LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1FE	

THE COTTON TREE TRUST

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THE COTTON TREE TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The trustees present their annual report and financial statements for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Trust Deed, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and activities

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:

- the provision of legal and other advice
- the alleviation of financial and practical hardships
- the building of resilience through community
- educational and recreational support
- mental and physical health support
- 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 also self-refer as a result of personal recommendations.

STRUCTURE

The Charity has four branches: Legal & Casework, Destitution Support, Heal & Grow and Communications.

SERVICES

Clients seeking asylum or humanitarian protection benefit from one or more of the following integrated services:

- Social and emotional support, enabling them
 - to enjoy our community and make friends
 - to tell and explore their traumatic stories,
 - to hear and learn from others in similar situations, and
 - 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 (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

- **Legal/practical help pre-leave to remain, including**

- 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
- finding solicitors to pursue claims and where necessary appeal against adverse decisions.
- ensuring that the Home Office provides the support and accommodation it is legally required to provide;
- 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).

- **Legal/practical help post-leave to remain, including**

- opening a bank account;
- obtaining universal credit;
- obtaining housing; and
- 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 two 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, in 2022, the Home Office was supposed to provide for most destitute asylum seekers either hotel or hostel accommodation with meals plus £8pw (since raised to £9.58 per week) or self-catering accommodation plus £40.85pw (raised in December 2022 to £45 per week). 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

- with the quality of the accommodation and, where provided, the quality and suitability of the food;
- with the appropriateness of the accommodation taking into account the reasonable needs of the asylum seeker;
- 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;
- 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 ;
- reaching 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 (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 the Charity provided advice and assistance to about 50 refugees, asylum seekers, 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, prepare their cases for the Home Office, find solicitors to act for them on any appeal, and present evidence and other help for solicitors and immigration advisers. It also provided help obtaining payment of sums due to them while being accommodated by the Home Office pending determination of their claims. For those who obtained, or had previously obtained, leave to remain, we helped them settle, in particular by helping them obtain housing, bank accounts and access to benefits.

The Charity works with 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 2022, at least 11 of those helped by the Charity, including spouses and children, obtained the right to remain.

THE COTTON TREE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Heal & Grow Branch

The Charity's Heal and Grow Branch helps to 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. 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 2022, 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. Although legal restrictions were largely ended by August 2021, the effects of the pandemic continued to be felt by asylum seekers, with many charities that had previously provided help remaining closed until well into 2022 and even after that offering very limited help compared with that offered pre-Covid.

The majority of asylum seekers are destitute and, at best, dependent on the paltry asylum support of £40.83, raised in December 2022 to £45 only after the Home Office was ordered to do so being ordered by the High Court. 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.

We were fortunate in 2022 to receive support relieving destitution amongst our clients from the London Churches Refugee Fund (destitution generally) and Green Hall Foundation (WiFi) which has enabled us to provide WiFi to 14 of our clients. Between 2020 and 2022 we have provided Tesco vouchers to 54 adults (including provision for 12 of their children) We also arranged for food parcels from a food bank for 5 adults.

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."

Other activities - There were trips to London Zoo and to Kew Gardens (each being for 9 adults and 2 children).

THE COTTON TREE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 and asylum seekers 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 and asylum seekers 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, in late 2021 and 2022, 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 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 2022 the Charity had 10 volunteers.

Employees

During 2022 the Charity had an average of 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 (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial review

The total donations received during the year amounted to £20,403 (2021 - £16,563). Of this, £Nil (2021 - £11,600) was restricted and £20,403 (2021 - £4,963) was unrestricted. This included a grant from 1 new funder which we hope to be able to work with again in the future. This also includes donations in kind of £19,482 (2021 - £3,280).

Our total expenditure was £187,872 (2021 - £134,699). 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 £154,033 (2021 - net deficit of £109,647) and, after other gains / (losses), left us with reserves of £587,607 (2021 - £792,286). Our principal asset at the end of the period was a bank balance of £27,350 (2021 - £26,773), investments worth £562,522 (2021 - £767,652) and debtors (mainly refugees to whom we had made loans) of £3,809 (2021 - £4,786).

Average net interest rates on term deposit accounts in 2022 was about 1.3%. The longer term investments showed a loss of 10.7% over the course of 2022. 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.

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 2022 was to provide help for its destitute clients.

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 £584,597 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 2023-24.

As at 31 December 2022 the financial statements showed reserves of £587,607 (2021 - £792,286) of which £3,010 (2021 - £Nil) were restricted funds and £584,597 (2021 - £792,286) were unrestricted funds. The unrestricted funds not designated or invested in tangible fixed assets held by the charity are £582,683 (2021 - £791,297).

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 future periods

During 2023 we have been reorganising with a view to developing our vision and mission and 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 the year, we hope to get Leave to Remain for at least eight 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 have had a further successful trip to London Zoo and are holding further sessions of our weekly discussion group. We are also planning to reintroduce workshops, which we had had to suspend because of Covid. We continue to monitor the individual wellbeing of our clients 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 (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 roughly monthly intervals throughout 2022.

Janet Gilbert, General Manager, appointed on 1 February 2020, was the Charity's most senior staff member until June 2022, when Oky Lee Morris was appointed executive director.

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 7 trustees for the majority of 2022. Two of those trustees worked actively throughout the year with the general manager and executive director, 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 and executive director, consisted of an immigration adviser, a caseworker, an administrative assistant (latterly with responsibility for developing the website and social media) and 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 (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 and 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 of the charity for that year.


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 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 operation.


The trustees are responsible for keeping sufficient 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.

The trustees' report was approved by the Board of Trustees and signed on its behalf by:

DocuSigned by:

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Michael Mark
Trustee

DocuSigned by:

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Ruth Cigman
Trustee

6 October 2023

THE COTTON TREE TRUST

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF THE COTTON TREE TRUST

I report to the trustees on my examination of the financial statements of The Cotton Tree Trust (the charity) for the year ended 31 December 2022.

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

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act. In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I 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 charity as required by section 130 of the 2011 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements 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.
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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:



Samir Shah FCA, ATII

Ramon Lee Ltd
Chartered Accountants
93 Tabernacle Street
London
EC2A 4BA

Dated: 6 October 2023

THE COTTON TREE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
<u>Income from:</u>					
Donations and legacies	3	20,403	-	20,403	16,563
Charitable activities	4	-	4,850	4,850	-
Investments	5	8,586	-	8,586	8,489
Total income		28,989	4,850	33,839	25,052
<u>Expenditure on:</u>					
Raising funds	6	5,345	-	5,345	3,106
Charitable activities	7	180,687	1,840	182,527	131,593
Total expenditure		186,032	1,840	187,872	134,699
Net income/(expenditure) and net movement in funds before gains and losses on investments					
		(157,043)	3,010	(154,033)	(109,647)
Net gains/(losses) on investments	9	(50,646)	-	(50,646)	39,733
Net movement in funds		(207,689)	3,010	(204,679)	(69,914)
Fund balances at 1 January 2022		792,286	-	792,286	862,200
Fund balances at 31 December 2022		584,597	3,010	587,607	792,286

CONTINUING OPERATIONS

None of the charity's activities were acquired or discontinued during the above two financial periods.

TOTAL RECOGNISED GAINS AND LOSSES

The charity has no recognised gains or losses other than the above movement in funds for the above two financial periods.

The notes on pages 12 to 21 form part of these financial statements.

THE COTTON TREE TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		1,914		989
Current assets					
Debtors	13	3,809		4,786	
Investments	14	562,522		767,652	
Cash at bank and in hand		27,350		26,773	
		593,681		799,211	
Creditors: amounts falling due within one year	15	(7,988)		(7,914)	
Net current assets			585,693		791,297
Total assets less current liabilities			587,607		792,286
Income funds					
Restricted funds	16	3,010		-	
Unrestricted funds - general		584,597		792,286	
		587,607		792,286	

The notes on pages 12 to 21 form part of these financial statements.

The financial statements were approved by the Trustees 6 October 2023 and were signed on its behalf by:

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Michael Mark
Trustee

DocuSigned by:

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Ruth Cigman
Trustee

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing documents, 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. The principal accounting policies adopted are set out below.

1.2 Going concern

The charity's financial statements show net deficit of £204,679 (2021 – net deficit £69,914) and free reserves of £582,683 (2021 - £791,297) 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 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 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.

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

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.

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

1.5 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. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

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. All the general support and governance costs have been apportioned to the various charitable activities on the basis consistent with the use of resources.

1.6 Tangible fixed assets

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
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1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.10 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.

1.11 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.

1.12 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.

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.

2 Critical accounting estimates and judgements

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

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

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
London Churches Grant R30	-	-	-	900
London Churches Grant R31	-	-	-	1,000
Local Connect Fund	-	-	-	1,400
The London Community Foundation	-	-	-	8,200
The Barrow Cadbury grant	-	-	-	100
Other donations < £500	921	-	921	1,683
Donations in kind	19,482	-	19,482	3,280
	<u>20,403</u>	<u>-</u>	<u>20,403</u>	<u>16,563</u>
For the year ended 31 December 2021	<u>4,963</u>	<u>11,600</u>		<u>16,563</u>

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 £19,482 (2022 – £3,180). Donations in kind include £Nil (2021 – 100) towards pro bono services provided by trustees towards communication costs.

4 Charitable activities

	Restricted funds	Total 2022	Total 2021
	£	£	£
Green Hall Foundation	3,000	3,000	-
London Churches Grant R30	1,000	1,000	-
London Churches Grant R31	850	850	-
	<u>4,850</u>	<u>4,850</u>	<u>-</u>

5 Investments

	Unrestricted funds	Total 2022	Total 2021
	£	£	£
Interest on Investments	8,586	8,586	8,489
	<u>8,586</u>	<u>8,586</u>	<u>8,489</u>
For the year ended 31 December 2021	<u>8,489</u>		<u>8,489</u>

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Raising funds

	Unrestricted funds	Total 2022	Total 2021
	£	£	£
Staff costs	3,616	3,616	2,311
Fundraising costs	-	-	6
Support costs	1,559	1,559	711
Governance costs	170	170	78
	<u>5,345</u>	<u>5,345</u>	<u>3,106</u>
For the year ended 31 December 2021			
Fundraising and publicity	3,106		3,106
	<u>3,106</u>		<u>3,106</u>

7 Charitable activities

	Legal & Casework	Destitution Support	Heal & Grow	Communications	Total 2022	Total 2021
	£	£	£	£	£	£
Staff costs	59,233	7,738	8,121	6,894	81,986	54,195
Monitoring & Evaluation	4,270	3,775	1,808	1,313	11,166	4,158
Staff Training	85	-	-	-	85	760
Programme Costs	7,526	6,662	4,187	-	18,375	21,360
Travel Costs	117	3,196	-	-	3,313	335
Food Parcels	-	4,030	-	-	4,030	13,790
Communication Costs	-	4,417	-	98	4,515	3,586
	<u>71,231</u>	<u>29,818</u>	<u>14,116</u>	<u>8,305</u>	<u>123,470</u>	<u>98,184</u>
Share of support costs (see note 8)	30,711	12,856	6,087	3,581	53,235	30,102
Share of governance costs (see note 8)	3,358	1,406	666	392	5,822	3,307
	<u>105,300</u>	<u>44,080</u>	<u>20,869</u>	<u>12,278</u>	<u>182,527</u>	<u>131,593</u>
Analysis by fund						
Unrestricted funds - general	103,460	44,080	20,869	12,278	180,687	108,539
Restricted funds	1,840	-	-	-	1,840	23,054
	<u>105,300</u>	<u>44,080</u>	<u>20,869</u>	<u>12,278</u>	<u>182,527</u>	<u>131,593</u>
For the year ended 31 December 2021						
Unrestricted funds - general	40,601	38,202	29,736	-		108,539
Restricted funds	23,054	-	-	-		23,054
	<u>63,655</u>	<u>38,202</u>	<u>29,736</u>	<u>-</u>		<u>131,593</u>

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Support costs

	Support costs	Governance costs	Total 2022	Total 2021
	£	£	£	£
Staff costs	6,055	3,832	9,887	5,410
Depreciation	873	-	873	423
Monitoring & Evaluation	-	-	-	462
Premises Costs	12,794	-	12,794	13,682
Communication & IT Costs	1,038	-	1,038	1,903
Legal & Professional Costs	22,128	-	22,128	6,896
Subscriptions	852	-	852	523
Recruitment Costs	589	-	589	491
Investment Management Fees	9,369	-	9,369	1,628
Sundry expenses	1,096	-	1,096	800
Independent Examiner's Fees	-	2,160	2,160	1,980
	<u>54,794</u>	<u>5,992</u>	<u>60,786</u>	<u>34,198</u>
Analysed between				
Fundraising	1,559	170	1,729	789
Charitable activities	<u>53,235</u>	<u>5,822</u>	<u>59,057</u>	<u>33,409</u>
	<u>54,794</u>	<u>5,992</u>	<u>60,786</u>	<u>34,198</u>

Legal & professional costs include pro bono professional services of £19,482 (2021 - £3,180) from solicitors, Dentons. Communication costs include £Nil (2021 – £100) towards pro bono services provided by trustees.

9 Net gains/(losses) on investments

	Unrestricted funds	Total 2022	Total 2021
	£	£	£
Realised/unrealised gains/(losses) on investments	(50,646)	(50,646)	39,733
	<u>(50,646)</u>	<u>(50,646)</u>	<u>39,733</u>
For the year ended 31 December 2021	<u>39,733</u>		<u>39,733</u>

10 Net movement in funds

	2022	2021
	£	£
Net movement in funds is stated after charging:		
Depreciation on tangible fixed assets	<u>873</u>	<u>423</u>
Independent examiner's fees		
Independent examination	1,320	1,200
Other services	<u>840</u>	<u>780</u>
	<u>2,160</u>	<u>1,980</u>

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Employees

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

	2022 Number	2021 Number
Direct charitable work	4.90	3.50
Total	4.90	3.50

The average monthly number of persons employed by the charity during the year was 5 (2021 – 3.5).

Employment costs	2022 £	2021 £
Wages and salaries	100,600	64,191
National Insurance	3,924	977
Pension	2,131	1,368
	106,655	66,536

There were no employees whose annual remuneration was more than £60,000.

No trustee received reimbursed expenses during the year (2021 - £nil).

The key management personnel of the charity comprise the General Manager and the Executive Director. The total employee benefits of the key management personnel of the charity were £40,997 (2021 - £25,575).

12 Tangible fixed assets

	Office Equipments £
Cost	
At 1 January 2022	1,692
Additions	1,798
At 31 December 2022	3,490
Depreciation and impairment	
At 1 January 2022	703
Depreciation charged in the year	873
At 31 December 2022	1,576
Carrying amount	
At 31 December 2022	1,914
At 31 December 2021	989

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Debtors

	2022	2021
	£	£
Other debtors	3,310	3,610
Prepayments	499	1,176
	<u>3,809</u>	<u>4,786</u>

14 Current asset investments

	2022	2021
	£	£
Listed investments	436,005	448,306
Unlisted investments	126,517	319,346
	<u>562,522</u>	<u>767,652</u>

15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	5,592	3,951
Other creditors	236	383
Accruals	2,160	3,580
	<u>7,988</u>	<u>7,914</u>

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			
	Balance at 1 January 2021	Incoming resources	Resources expended	Balance at 1 January 2022	Incoming resources	Resources expended	Balance at 31 December 2022
	£	£	£	£	£	£	£
Martin Lewis Grant	518	-	(518)	-	-	-	-
Local Connect Fund	-	1,400	(1,400)	-	-	-	-
The London Community Foundation	-	8,200	(8,200)	-	-	-	-
The Barrow Cadbury grant	10,086	100	(10,186)	-	-	-	-
London Churches Grant R29	850	-	(850)	-	-	-	-
London Churches Grant R30	-	900	(900)	-	1,000	(1,000)	-
London Churches Grant R31	-	1,000	(1,000)	-	850	(700)	150
Green Hall Foundation	-	-	-	-	3,000	(140)	2,860
	<u>11,454</u>	<u>11,600</u>	<u>(23,054)</u>	<u>-</u>	<u>4,850</u>	<u>(1,840)</u>	<u>3,010</u>

Description, nature and purpose of restricted funds:

- **Green Hall Foundation** – Funding towards internet access project.
- **London Churches grant** – Funding to support work for the relief of destitute refugees and asylum seekers in the London area.

THE COTTON TREE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Fund balances at 31 December 2022 are represented by:						
Tangible assets	1,914	-	1,914	989	-	989
Current assets/(liabilities)	582,683	3,010	585,693	791,297	-	791,297
	<u>584,597</u>	<u>3,010</u>	<u>587,607</u>	<u>792,286</u>	<u>-</u>	<u>792,286</u>

18 PENSION

The pension cost charge represents contributions payable by the charity to the fund and amounted to £2,131 (2021 - £1,368). Contributions totalling £236 (2021 - £365) were payable to the fund at the year end and are included in other creditors.

19 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).