

THE THOMAS WATSON COTTAGE HOMES

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2021

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THE THOMAS WATSON COTTAGE HOMES

6A The Hall
Leecroft Road
Barnet
Herts EN5 2TJ

REFERENCE AND ADMINISTRATIVE INFORMATION

CHARITY NUMBER: 206515

TRUSTEES:

Mrs. J.S. Harrold (Chairman)
Mrs. S.H. Housden
Mr. R.W. Peart
Mrs V. E. Corrigan
Mr D. L. Kay
Mrs C.L. Corbett
Mrs S.K. Mallon
Mr J W Coates

CLERK TO THE TRUSTEES: Mr W.J. Alford

FINANCE MANAGER: Mrs. M.P. Dye

SHELTERED HOUSING MANAGER Mrs. S.E. Baker

SOLICITORS:

Wedlake Bell
Atrium Court
15 Jockey's Fields
London
WC1R 4QR

AUDITORS:

RPG Crouch Chapman LLP
14-16 Dowgate Hill
London
EC4R 2SU

BANKERS:

CAF Bank Limited
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

THE THOMAS WATSON COTTAGE HOMES

REPORT OF THE TRUSTEES

The Trustees present their report and the audited financial statements for the year ended 31st December 2021. These have been prepared in accordance with the Statement of Recommended Practice issued applicable to charities preparing their accounts in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Charities Act 2011 and the Charity's governing documents.

TRUSTEES' RESPONSIBILITIES

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 of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Charity was established on 25th November 1913 and in 1980 combined with the Charity of Annie Lucy Watson established by Will on 2nd March, 1937. The Charity is regulated by a scheme of the Charity Commissioners of 15th August 1980 as affected by the Scheme of the Commissioners of 26th October 1987 (Authority to sell land), and as varied by the provisions of the Schemes dated 24th June 1991 (to establish a Cyclical Maintenance Fund and extend qualification to spouses), 10th June 1992 (authority for expenditure of £145,000 on refurbishment of cottages, subject to direction to recoup over 15 years), 25th January 1996 (authority for expenditure of £600,000 towards construction of at least 10 flats subject to direction to recoup over 60 years) and supplemental order, dated 8th September 1996 (authority to expend a further £50,000 on construction of a further flat), and 18th February 2010 (authority for expenditure of not more than £1,300,000 towards construction of further eight housing units subject to direction to recoup over 60 years).

THE THOMAS WATSON COTTAGE HOMES

REPORT OF THE TRUSTEES

- continued

Trustees

The Trustees appointed to TWCH show a balance of skills in order to run this charity effectively. At the year end, there are four trustees who are directly related to the Founders, three others who are former employees of NFC and one who is a local resident. Their expertise covers Property and Planning, Finance and Welfare.

There are no outside parties who can appoint trustees for the Thomas Watson Cottage Homes.

Each trustee is appointed for a term of five years by a resolution of the existing trustees and may be reappointed at the end of such term.

All new trustees are given a copy of the Residents' Handbook, full details on the running of the Charity and guidelines from the Charity Commission for this scheme. Any other opportunities for training are also considered.

Structure of Organisation

The Trustees met four times during the year, once in person and three times by Zoom as a result of the coronavirus pandemic.

- To review the finances of the Charity.
- To consider on-going requirements for the maintenance and upkeep of the individual housing units and for the estate in general.
- To determine action required in relation to future developments on the estate.
- To receive reports from the Clerk on the health and well-being of residents and other matters relating to the running of the Charity, including Housing Benefit.

There were sub-committee meetings during the year as required.

The day-to-day administrative activities were carried out by the Clerk to the Trustees, with assistance from the Sheltered Housing Manager and the Finance Manager.

Statement of Risk Management

The Trustees have considered the risks to which The Thomas Watson Cottage Homes are exposed. These risks are mitigated by:

- A Board of Trustees with the necessary experience and competence to ensure the successful running of the Charity;
- Regular Trustees' meetings with effective reporting to ensure proper review of operations;
- Maintenance of a sufficient reserve to implement an effective relocation programme in the event of a disaster affecting the habitability of the accommodation;
- Other financial risks have been addressed by insurance.

THE THOMAS WATSON COTTAGE HOMES

REPORT OF THE TRUSTEES

- continued

CHARITY OBJECTIVES AND ACTIVITIES

The Objective is to run Almshouses for the benefit of the following persons. They shall be aged or poor persons of the following classes and their spouses or widows in the following order of priority:

- Former employees of Sutton and Company, Sutton and Company Limited and Sutton and Company (Manchester) Limited;
- Employees or former employees of any successor company of the said companies or any company of NFC plc;
- Employees or former employees of any person, firm, company or undertaking engaged in the business of carrying freight;
- Employees or former employees of any other carrier of freight.

Provided that when selecting residents in all the above classes preference shall be given to such persons who have been employed as above mentioned for the longest period.

NFC plc changed its name to EXEL plc and then merged with Ocean Group plc. This group now forms part of DHL which in turn is owned by Deutsche Post AG. The Charity Commission advise that this does not require a change in the Scheme of the Charity.

Subject to the expenses of Management, transfers to a Cyclical Maintenance Fund and an Extraordinary Repair Fund, the Trustees shall apply the income of the charity for the benefit of the residents in the Almshouses of the Charity or any of them in such manner as the Trustees think fit from time to time.

The Trustees confirm that the Charity Commission's general guidance on public benefit has been considered in relation to the objectives of the Charity. The report sets out those objectives and describes how they have been met in the current year.

The only volunteers are the Trustees.

The Charity does not engage in fundraising activities.

ACHIEVEMENTS AND PERFORMANCE

One vacancy occurred in 2021 and was filled during the year. One flat in Colgate Court continues to be used as a guest flat and for other facilities for the benefit of the residents. Our staff have provided excellent care and support to our residents and assistance to the Trustees. The Coronavirus pandemic placed more responsibility on the staff who have all risen to the challenge of keeping the Residents and their families up to date on the restrictions on and off the estate.

Outings and entertainment opportunities have been limited in 2021 due to the pandemic although it was possible to hold an outing to Southend for residents in September. A monthly fish and chip supper and a Christmas lunch have been delivered to residents' homes and have been enjoyed by those who chose to take part.

One Cottage suffered subsidence and in 2021 action was taken to effect repairs. Three other cottages have suffered subsidence and are awaiting rectification under the insurance policy. There was a quinquennial inspection of Colgate Court carried out in 2021. Some of the remedial work was carried out in 2021 with the remainder to be completed in 2022. The final remedial work to the original cottages and the communal hall following the quinquennial inspection in 2019 was carried out in 2021.

THE THOMAS WATSON COTTAGE HOMES

REPORT OF THE TRUSTEES

- continued

FINANCIAL REVIEW

The Trustees have considered reserves required as part of their assessment of risk and also taken into account the annual requirement to transfer recoupment funds to the Endowment Fund. This year the amount transferred was £10,832 for Colgate Court and £21,664 for the new cottages.

It is the Trustees policy to maintain a balance on general reserves which equates to at least 6 months general expenditure. The balance at the year end was £142,403 which exceeds this target.

Having assessed the Charity's financial circumstances the Trustees have a reasonable expectation that the Charity has adequate resources to continue its operations for the foreseeable future.

The principal funding source is Weekly Maintenance contributions from the Cottages and Flats.

The average contribution per unit of occupied accommodation was £8,292 per annum. Residents of 9 units received Housing Benefit during the year. Weekly Maintenance Contributions were increased from April 2021 by approximately 2.5%.

The Charity does not rely on voluntary work nor does it receive any gifts in kind. The Finance sub-committee recommends the investment policy, which is ratified at the full quarterly Trustee meetings.

The balance of Recoupment funds continue to be held in Deposit Accounts and investments. The equity market has fluctuated during the year and the investments held throughout the year increased in value by a net total of £265,746, with total gains of £269,237 and an unrealised loss of £3,491.

The investment policy of the Charity is to mitigate its risk by having a spread of investment funds, with review by the Trustees on a quarterly basis. The Charity's policy on reserves is determined by the various Charity Commission Orders on an ongoing concern basis. The Charity aims to break even from its operations on the General Fund year on year.

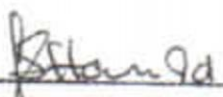
In response to an application to the Charity Commission, they have approved the use of a portion of the Endowment Fund if required to cover any abnormal remedial costs in relation to bank behind 5-17 Jubilee Cottages.

PLANS FOR THE FUTURE

Future quinquennial inspections will take place on a rotation basis between the original cottages, Colgate Court and Jubilee Cottages. The next quinquennial inspection of Jubilee Cottages will be carried out in 2022.

Thomas Watson Cottage Homes
Leecroft Road
Barnet
Herts EN5 2TJ

20/10/2022


CHAIRMAN

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE THOMAS WATSON COTTAGE HOMES

We have audited the financial statements of The Thomas Watson Cottage Homes for the year ended 31st December 2021 as set out on pages 9 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards 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 1st April 2005 which is referred to in the extant regulations but has been withdrawn.

This had been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1st January 2015

This report is made solely to the Charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for this report or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st December 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements of our report. We are independent of the Charity in accordance with ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE THOMAS WATSON COTTAGE HOMES (continued)

In our evaluation of the trustees' conclusions, we considered the risks associated with the charity's business model, including the effects arising from macro-economic uncertainties such as COVID-19 and analysed how those risks might affect the charity's financial resources or ability to continue operations over the period of twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charity will continue in operation.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Capability of the audit to detect irregularities including fraud

We gained an understanding of the legal and regulatory framework applicable to the charity and the industry in which it operates, and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with Companies Act 2006, the Charities Act 2011 and FRS102.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of

material misstatement due to fraud.
INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE THOMAS WATSON COTTAGE HOMES (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, set out on page 2, the Trustees are responsible for preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 145 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but it is not a guarantee that an audit concluded in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

RPG CROUCH CHAPMAN LLP
Chartered Accountants
Statutory Auditor
14-16 Dowgate Hill
London EC4R 2SU



Date: 21/10/22

RPG Crouch Chapman LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

THE THOMAS WATSON COTTAGE HOMES
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST DECEMBER 2021

		INCOME FUNDS			CAPITAL FUND			INCOME FUNDS			CAPITAL FUND			TOTAL
	Notes	General Fund	Cyclical Maintenance Fund	Extra-ordinary Repair Fund	Endowment Fund	TOTAL 2021	General Fund	Cyclical Maintenance Fund	Extra-ordinary Repair Fund	Endowment Fund	TOTAL 2020			
		£	£	£	£	£	£	£	£	£	£	£		
Income from:														
Charitable Activities:														
Weekly maintenance contributions and Housing Benefit		240,856				240,856	234,468				234,468			
Bank and Deposit Interest		1,059				1,059	1,958				1,958			
Activity for generating funds:														
Investment Income	6	64,391				64,391	59,878				59,878			
Donation		1,000				1,000					0			
Wayleaves		2				2	2				2			
Total Income		307,308	0	0	-	307,308	296,306	0	0	-	296,306			
Expenditure on:														
Charitable activities														
Maintenance of Site properties	3	100,017	840	(8,417)	98,940	191,380	90,473	15,044	31,878	32,496	169,891			
Warden's costs and Residents Am	4	50,762				50,762	45,886				45,886			
Other Running Costs	5	39,726				39,726	43,721				43,721			
Total Expenditure		190,505	840	(8,417)	98,940	281,868	179,880	15,044	31,878	32,496	259,298			
Net Income/(expenditure) before transfers		116,803	(840)	8,417	(98,940)	25,440	116,428	(15,044)	(31,878)	(32,496)	37,008			
Transfer between funds:														
Recoupment	7	(32,496)			32,496	-	(32,496)			32,496	-			
Extraordinary Repair Fund	11	(40,000)		40,000		-	(40,000)		40,000		-			
Cyclical Maintenance Fund	12	(30,000)	30,000			-	(29,000)	29,000			-			
Other Recognised gains/(losses)		14,307	29,160	48,417	(66,444)	25,440	14,930	13,956	8,122	-	37,008			
Gains/Losses on Investment Assets		5,644			260,102	265,746	2,890				65,952	68,842		
Net Movement of Funds		18,951	29,160	48,417	193,658	291,186	17,820	13,956	8,122	65,952	105,850			
Reconciliation of Funds														
Total Funds brought forward at 1.1.21		122,452	31,042	20,691	4,181,481	4,355,666	104,832	17,066	12,569	4,115,529	4,249,816			
Total Funds carried forward at 31.12.21		142,403	60,202	69,108	4,375,139	4,646,852	122,452	31,042	20,691	4,181,481	4,355,666			

The notes on pages 11 to 19 form part of these accounts

THE THOMAS WATSON COTTAGE HOMES
BALANCE SHEET AT 31ST DECEMBER 2021

INCOME FUNDS

	Notes	General Fund	Cyclical Maintenance Fund	Extra-ordinary Repair Fund	Endowment Fund	TOTAL 2021	General Fund	Cyclical Maintenance Fund	Extra-ordinary Repair Fund	Endowment Fund	TOTAL 2020
FIXED ASSETS											
Investments at Market Value	6	37,085			2,727,612	2,764,697	32,341			2,476,179	2,508,520
Land and Buildings	7				1,488,154	1,488,154				1,520,650	1,520,650
TOTAL FIXED ASSETS		37,085	-	-	4,215,766	4,252,851	32,341	-	-	3,996,829	4,029,170
CURRENT ASSETS											
Debtors	8	23,888				23,888	22,800				22,800
Cash at Bank	9	109,274	60,202	69,108	159,373	397,957	78,634	38,475	20,691	184,652	322,652
		133,162	60,202	69,108	159,373	421,845	101,634	38,475	20,691	184,652	345,452
LIABILITIES											
Amounts falling due within 1 yr	10	(28,744)				(28,744)	(11,523)	(7,433)			(18,956)
NET CURRENT ASSETS		104,418	60,202	69,108	159,373	393,101	90,111	31,042	20,691	184,652	326,488
TOTAL NET ASSETS		142,403	60,202	69,108	4,375,139	4,646,952	122,452	31,042	20,691	4,181,481	4,355,658
FUNDS OF CHARITY											
CAPITAL FUNDS											
Endowment	13				4,375,139	4,375,139				4,181,481	4,181,481
INCOME FUNDS											
Unrestricted Funds:											
General	14	142,403				142,403	122,452				122,452
Designated Funds:											
Cyclical Maintenance	12		60,202			60,202		31,042			31,042
Restricted Fund:											
Extraordinary Repair Fund	11			69,108		69,108			20,691		20,691
		142,403	60,202	69,108	4,375,139	4,646,852	122,452	31,042	20,691	4,181,481	4,355,658

Approved by the Trustees on 20th October 2022 and signed on their behalf by:

John D. D.
TRUSTEE

R. D. D.
TRUSTEE

The notes on pages 11 to 19 form part of these accounts

THE THOMAS WATSON COTTAGE HOMES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST DECEMBER 2021

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

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

The financial statements have been prepared to give a 'true and fair' view and have therefore departed from the Charities (Accounts and Reports) Regulations 2008. This departure has involved following the Charities SORP (FRS 102) as stated above, rather than the Accounting and Reporting by Charities Statement of Recommended Practice effective from 1st April 2005 which has since been withdrawn.

The Thomas Watson Cottages Homes constitutes a public benefit entity as defined by FRS 102.

The reporting currency is GBP and all amounts have been rounded to the nearest £.

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 allocated 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.

Designated funds are represented by the Cyclical Maintenance Fund and the Extraordinary Repair Fund which were set up to be used against the regular upkeep and maintenance of the properties.

The Endowment Fund represents the endowment made by the daughters of Thomas Watson for the primary purpose of the charity.

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

Revaluation of Fixed Asset Investments

In accordance with the SORP, investments of the Charity have been revalued at the balance sheet date. The value shown in the accounts is the mid-market price.

Land held by the Charity with no prospect of development or sale has not been revalued.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income. There was no deferred grant or similar income at 31st December 2021.

THE THOMAS WATSON COTTAGE HOMES

NOTES TO THE FINANCIAL STATEMENTS

- continued

1. ACCOUNTING POLICIES (continued)

Resources Expended

Resources expended are accounted for on an accruals basis. It is the policy of the Trustees not to capitalise new office equipment costing less than £5,000.

All resources expended are inclusive of irrecoverable VAT, which is charged against the expense to which it relates.

During the year, the charity incurred a surplus of £291,186 after revaluation of investments (2020: surplus of £105,850), which translates to a surplus of £25,440 (surplus of £37,008) before revaluation of investments.

The Trustees consider The Thomas Watson Cottage Homes a going concern for the foreseeable future, this being at least 12 months from the date the balance sheet was signed. This is due to the considerable endowment held by the charity, which generates income. The weekly maintenance contributions paid by the residents represent ca. 90% of market rent, and it can be expected that a similar level of income can be achieved in that regard in the next year. The Trustees budget for 5% of the properties being vacant during the year, which would not cause the charity any financial hardship, however, historically this event has never occurred.

Additionally, the charity holds a large investment portfolio which generates ca. 20% of its income. It is split between equity and treasury stock to reduce risk while still being able to generate good returns.

Unexpected expenses are unlikely to occur as quinquennial works are carried out on the cottages to ensure that they are in good states of repair, and any issues can be addressed immediately or can be budgeted for.

Cash Flow

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirements to prepare such a statement under the Charities SORP (FRS 102).

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Amortisation

The cost of Colgate Court and Jubilee Cottages is amortised at rates calculated to be in accordance with the recoupment rate set down by the Charity Commission as set out below:

Colgate Court	-over 60 years
Jubilee Cottages	-over 60 years

The Trustees consider the time period for the amortisation appropriate in view of the directions of the Charity Commission in the Schemes dated 25th January 1996 and 16th February 2010.

THE THOMAS WATSON COTTAGE HOMES

NOTES TO THE FINANCIAL STATEMENTS

- continued

1. ACCOUNTING POLICIES (continued)

Interest Receivable

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

Debtors

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

Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Financial Instruments

With the exception of fixed asset investments, 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.

2 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION

In the application of the Charity's accounting policies, the Trustees may be 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 assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in a period of the revision and future periods if the revision affects both current and future periods.

At the year end date the Trustees had identified the following relevant estimates for which assumptions might be needed in the financial statements:

Amortisation (Recoupment)

The cost of Colgate Court and Jubilee Cottages is amortised at rates calculated to be in accordance with the recoupment rate set down by the Charity Commission (60 years).

Dividends and Interest Income

Official information on interest and dividends receivable for the latter part of the year is usually received after the year end and after the accounts have been prepared, making it necessary to estimate the anticipated interest/ dividend income. Estimates are made based on experience and interest received for previous periods.

THE THOMAS WATSON COTTAGE HOMES

NOTES TO THE FINANCIAL STATEMENTS

3 MAINTENANCE OF SITE AND PROPERTIES

	2021 £	2020 £
INCOME FUND		
Maintenance and general upkeep	52,652	45,297
Landscaping, gardening and grounds	18,822	20,927
Light and heat	6,654	6,627
Rates and Insurance	21,389	19,622
Planning Costs & Other Prof fees	500	(2,000)
	<u>100,017</u>	<u>90,473</u>
CYCLICAL MAINTENANCE FUND		
Quinquennial Works & professional fees	<u>840</u>	<u>15,044</u>
EXTRA-ORDINARY REPAIR FUND		
Exceptional repair works & Professional fees	<u>(8,417)</u>	<u>31,878</u>
ENDOWMENT FUND		
Amortisation of Colgate Court	10,832	10,832
Amortisation of Jubilee Cottages	21,664	21,664
Remedial Costs for Jubilee Cottages (see note 13)	66,444	0
	<u>98,940</u>	<u>32,496</u>
TOTAL FUNDS	<u>191,380</u>	<u>169,891</u>

4 DIRECT WAGE COSTS & RESIDENTS' AMENITIES

	2021 £	2020 £
Wages and national insurance	45,208	41,543
Residents Amenities & Welfare	5,554	4,143
	<u>50,762</u>	<u>45,686</u>

5 OTHER RUNNING COSTS

	2021 £	2020 £
Clerk's Salary	22,774	22,684
Telephone, Postage and Stationery	1,713	2,010
National Association of Almshouses	375	361
Sundry expenses	1,023	698
Office Equipment & Computer maintenance	169	1,113
Recruitment & Training	240	451
Audit	3,020	2,760
Trustees' expenses	153	207
Financial services	9,299	10,437
Professional fees	960	3,000
	<u>39,726</u>	<u>43,721</u>

Total salary costs amounted to £67,982 (2020: £64,227) including £443 (2020: £1,675) employer's national insurance contributions. Average staff members in the year were 3 (2020: 3)

No Trustee received or waived any remuneration in the year. Trustees expenses relate to the attendance at meetings and associated costs incurred by all trustees.

Key management comprises the Trustees who give their time freely and do not receive any remuneration.

THE THOMAS WATSON COTTAGE HOMES

NOTES TO THE FINANCIAL STATEMENTS

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6 INVESTMENTS

	Cost £	Market Value £	Interest/ Dividend £
Endowment Fund			
2.5% IndexLink TSY Stock 2024	196,155	208,438	4,249
4.25% IndexLink TSY Stock 2030	172,025	200,607	4,643
1.25% IndexLink TSY Stock 2032	-	-	-
2% IndexLink TSY Stock 2035	149,890	165,275	1,774
C.O.I.F. investment income shares - 58,915.50	750,004	1,577,905	41,629
BLK Charities UK Equity Fund - A	185,106	371,264	10,696
BLK Charities UK Bond Fund - Class A Inc	50,000	48,220	1,400
M&G Charity Multi Asset Fund	25,828	155,903	-
General fund:			
156.85 COIF Accum. Shares (2002: Cost £3,000)	3,000	37,985	-
TOTAL INVESTMENTS	1,532,008	2,765,697	64,391

SUMMARY OF MOVEMENTS IN YEAR

	£
Market value at 1st January 2021	2,508,520
Purchases in the year	100,000
Sales in the year - proceeds	(108,669)
Realised Loss	-
Unrealised gain	269,237
Unrealised losses	(3,491)
Market value at 31st December 2021	2,765,597

All investments are UK investments

THE THOMAS WATSON COTTAGE HOMES

NOTES TO THE FINANCIAL STATEMENTS

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7 LAND AND BUILDINGS

The Charity owns the freehold to 6.3 acres of land at Chipping Barnet together with 20 cottages and 11 flats, being 30 units of accommodation for residents, and one residents' guest suite.

The land together with the 12 original cottage homes was donated to the Charity by the Founders in 1913. This cost attributed to the original cottages is their 2008 valuation and the Trustees have adopted this figure for the purposes of FRS 102. It will not be subject to further revaluation and the depreciation charged recognises that they have been occupied for charitable purposes for in excess of 60 years, being the period of amortisation adopted as explained below.

On 25th January 1995, the Charity Commissioners authorised the Trustees of the Charity to expend from its permanent endowment not more than £600,000 (increased to £650,000 on 8th September 1995) towards the construction of at least eleven flats. Construction commenced during 1995 and final payments were made during 1998 on contract value of £674,629. The cost in excess of the Charity Commission authorisation has been met from interest earned on the £650,000 during the course of development. The Trustees are required to recoup the sums expended by transfer from income over 60 years. The depreciation method adopted reflects the recoupment period and has therefore been set to write off the cost of buildings over 60 years. As a result, the original cottages are considered fully depreciated and amortisation provisions continue to be made for the flats and jubilee cottages.

On 18th. February 2010, the Charity Commissioners authorised the Trustees of the Charity to expend from its permanent endowment not more than £1,300,000, towards the construction of eight cottages. Work was completed during 2011 and the Trustees will be required to recoup the sum expended by transfer from income over 60 years and this is reflected in the depreciation charge.

The cost of other land represents the expenditure incurred during 2008 in securing the land not considered available for sale. This is considered by the Trustees to be a reasonable estimate of the value of that land.

	Flats £	Cottages £	Jubilee Cottages £	Other Land £	Total £
COST OR VALUATION					
At 1st January 2021	674,629	2,384,226	1,299,717	14,789	4,373,361
Cost during the year					0
At 31st December 2021	674,629	2,384,226	1,299,717	14,789	4,373,361
AMORTISATION					
At 1st January 2021	262,705	2,384,226	205,780		2,852,711
Provision in year	10,832	0	21,664	0	32,496
At 31st December 2021	273,537	2,384,226	227,444	-	2,885,207
NET BOOK VALUE					
At 31st December 2021	401,092	-	1,072,273	14,789	1,488,154
At 31st December 2020	411,924	-	1,093,937	14,789	1,520,650

THE THOMAS WATSON COTTAGE HOMES

NOTES TO THE FINANCIAL STATEMENTS

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8 DEBTORS

	2021 £	2020 £
Interest accrued on investments	16,530	15,077
Rates and Insurance proportion applicable to 2022	6,662	6,576
Prepayments - WMC and HB Amenity Benefits	531	932
Interest receivable	165	215
	<u>23,888</u>	<u>22,800</u>

9 CASH AT BANK AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank	215,783	141,455
Cash equivalents	182,174	181,197
	<u>397,957</u>	<u>322,652</u>

10 CREDITORS

	2021 £	2020 £
Amounts falling due within one year:		
Audit and accountancy 2021, including VAT	3,000	2,800
Maintenance provision/Housing benefit in advance	16,737	2,050
Gardening & Grounds	1,350	1,350
Light & Heat & Phone	730	480
Rates and Insurance	170	120
Repairs and Maintenance	3,035	1,117
HMRC	1,383	1,624
Legal and professional	500	-
Financial & IT services	1,179	994
Residents amenities	350	400
Office Equipment & Sundries	310	608
CMF repairs	-	7,433
	<u>28,744</u>	<u>18,956</u>

Included in creditors listed above are amounts owed for Cyclical Maintenance Repairs for refurbishment of the kitchen in The Hall and gutters and roofing for the original cottages at 31.12.20. This creditor is allocated to the Cyclical Maintenance Fund.

THE THOMAS WATSON COTTAGE HOMES

NOTES TO THE FINANCIAL STATEMENTS

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11 EXTRAORDINARY REPAIR FUND	2021	2020
YEAR ENDED 31ST DECEMBER 2021	£	£
Fund at 1st January 2021	20,691	12,569
Transfer in the year	40,000	40,000
Withdrawn/Recouped during the year	8,417	(31,878)
Fund at 31st December 2021	<u>69,108</u>	<u>20,691</u>
REPRESENTED BY:		
Various cash deposits	<u>69,108</u>	<u>20,691</u>
12 CYCLICAL MAINTENANCE FUND	2021	2020
YEAR ENDED 31ST DECEMBER 2021	£	£
Fund as at 1st January 2021	31,042	17,088
Transfer in the year	30,000	29,000
Expenditure in the year	(840)	(15,044)
Fund at 31st December 2021	<u>60,202</u>	<u>31,042</u>
REPRESENTED BY:		
Various cash deposits	<u>60,202</u>	<u>31,042</u>

A specific fund was established in 2001 and is shown separately in accordance with SORP 2015. It is the intention of the Trustees to maintain the fund by regular transfers from the general fund.

13 ENDOWMENT FUND	2021	2020
YEAR ENDED 31ST DECEMBER 2021	£	£
Fund as at 1st January 2021	4,181,481	4,115,529
Transfer in the year	32,496	32,496
Expenditure in the year	(98,940)	(32,496)
Gains/Losses on Investment Assets	260,102	65,952
Fund at 31st December 2021	<u>4,375,139</u>	<u>4,181,481</u>
REPRESENTED BY:		
Land and Buildings	1,488,154	1,520,650
Investments	2,727,612	2,476,179
Cash deposits	159,373	184,652
	<u>4,375,139</u>	<u>4,181,481</u>

On 15th August 2022 the Trustees applied to the Charity Commission for permission to use the Endowment Fund to meet the abnormal remedial costs, including design and supervision, related to the movement and subsidence in the embankment to the rear of Nos 15-17 Jubilee Cottages. The sum applied for also includes further investigation costs, abnormal and/or emergency repairs in 2021 to drains and patios, the costs relating to the securement of the services of an independent engineering expert and associated legal costs. On 5th September 2022 permission was received from the Charity Commission to use a portion of the Endowment Fund for this purpose. This was in addition to a previous permission received on 25th October 2019 for up to £25,000 of the permanent endowment to be spent on monitoring the activity of the same bank of land to the rear of Nos.15-17 Jubilee Cottages. The accounts include £66,444 of remedial costs for Jubilee Cottages under this authorisation.

THE THOMAS WATSON COTTAGE HOMES

NOTES TO THE FINANCIAL STATEMENTS

- continued

14 GENERAL FUND

YEAR ENDED 31ST DECEMBER 2021

	2021	2020
	£	£
Fund as at 1st January 2021	122,452	104,632
Net Income/Expenditure before transfers	116,803	116,426
Transfers in the year	(102,496)	(101,496)
Gains/Losses on Investment Assets	5,644	2,890
Fund at 31st December 2021	<u>142,403</u>	<u>122,452</u>
REPRESENTED BY:		
Investments	37,985	32,341
Net current Assets	104,418	90,111
	<u>142,403</u>	<u>122,452</u>

15 RESERVES

As noted in the Risk Assessment section of the Trustees' Report, the principal purpose of the general reserve is to provide for relocation and care of residents in the event of a major incident depriving the Trustees of the use of the residential buildings. The Charity also requires funds to plan for growth and this is specifically assessed from time to time.

16 FINANCIAL INSTRUMENTS

Financial Assets	2021	2020
	£	£
Financial assets measured at fair value through the SOFA	2,765,597	2,508,520
Financial assets measured at fair value through the SOFA comprise investments		

15 RELATED PARTIES

During the year ended 2021, there were no transactions with related parties (2020 none)