

JOHN WATSON'S TRUST
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2022

Charity No. SC014004

Whitelaw Wells
Chartered Accountants and Statutory Auditors
9 Ainslie Place
Edinburgh
EH3 6AT

JOHN WATSON'S TRUST

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

| CONTENTS | Page |
|--|-------------|
| Reference and Administration information | 1 |
| Report of the Trustees | 2 - 7 |
| Independent Auditors' Report | 8 - 10 |
| Statement of Financial Activities | 11 |
| Balance Sheet | 12 |
| Statement of Cash Flows | 13 |
| Notes to the Financial Statements | 14 - 27 |

JOHN WATSON'S TRUST

REFERENCE AND ADMINISTRATION

For the year ended 31 December 2022

| | |
|-------------------------------|---|
| Principal Office: | The Signet Library Parliament Square Edinburgh EH1 1RF |
| Charity No: | SC014004 |
| Governors: | The Keepers and Commissioners of the Signet |
| Trustees: | <p><i>Six nominated by the Society to Writers to Her Majesty's Signet</i></p> <p>Amanda Laurie DKS WS (Chair of Trustees) Robin Garrett WS (Chair of Finance Committee) John Harding-Edgar WS Richard Murray WS Karen Phillips WS Kenneth Mackay WS (Chair of Grants Committee)</p> <p><i>Two nominated by the City of Edinburgh Council</i></p> <p>Councillor Alison Dickie (resigned 22 March 2022) Andrew Cochrane Councillor Finlay McFarlane (appointed 8 November 2022)</p> <p><i>One nominated by the Lothian Association of Youth Clubs</i></p> <p>Laurene Edgar (appointed 22 March 2022)</p> <p><i>One nominated by the Merchant Company Education Board</i></p> <p>Gordon Wyllie WS</p> <p><i>Co-opted Trustees</i></p> <p>Janet Morton Susie Jamieson</p> |
| Clerk & Treasurer: | Anna Bennett WS The WS Society The Signet Library Parliament Square Edinburgh EH1 1RF |
| Auditor: | Whitelaw Wells Chartered Accountants and Statutory Auditors 9 Ainslie Place Edinburgh EH3 6AT |
| Investment Managers: | Brewin Dolphin Sixth Floor, Atria One 144 Morrison Street Edinburgh EH3 8EX |

JOHN WATSON'S TRUST

REPORT OF THE TRUSTEES

For the year ended 31 December 2022

The Trustees submit their 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 and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (October 2019) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Purposes and Aims

John Watson's Trust's (JWT) primary purpose is to assist the education of young people, under the age of 21, who have additional support needs and/or are underprivileged. Those resident in the Lothians are given preferential treatment. Up to one third of JWT's income can be used to help pay boarding school fees, where this is seen to be the best option for the young person. This provision is restricted to residents in Scotland. The demand for boarding grants has dropped considerably over the past few years.

Activities

The Trustees approved grants of £155,054 for distribution during the period.

Grant Making Policy

JWT invites applications from institutions and individuals by advertising in the press, by maintaining an online presence, by writing to institutions and by maintaining regular contact with institutions who may know of individuals eligible to apply. Applicants must submit applications in a specified format for consideration and approval at a Grants Committee meeting. The Grants Committee normally meets six times each year. Details of how to apply for grants and forms to download are available from JWT's website.

ACHIEVEMENTS AND PERFORMANCE

The Grants Committee met on five occasions during 2022 and disbursed a net total after refunded and unclaimed grants of £146,610 (2021: £117,195). There are three groups of grants in accordance with the charitable constitution:

- (a) Grants to children and young people under 21 who have additional support needs or are socially disadvantaged and to organisations representing them;

Individuals: 58 (2021: 68) individual grants were paid to help education and advancement in life. The main categories were similar to the previous year, including equipment for children and young people under 21 with additional support needs, in-school special expenses, tutoring for dyslexic children, post-school education for disadvantaged students and there were other grants to encourage sporting, cultural and social opportunities.

Individual grants ranged from £250 to £8,132.

JOHN WATSON'S TRUST

REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2022

ACHIEVEMENTS AND PERFORMANCE (cont)

Organisations: 71 (2021: 39) grants were paid to organisations, including mainstream schools serving the socially deprived and pupils with additional support needs. There was a wide range of specific projects.

Grants ranged from £80 to £3,900 for youth activities or equipment.

- (b) Boarding Education. Grants were paid for 1 young person during the year for £300.
- (c) Weir Bursaries and Gordon Prizes. These are monetary prizes (total £385) made to school pupils to acknowledge academic merit. These are administered via schools in Edinburgh but were not awarded in the current year.

Future commitments: Including grants for boarding education, grants to individuals and organisations of £13,510 were committed for 2022.

FINANCIAL REVIEW

Investment income increased to £164,801 (2021: £150,537). The benefits of a more diversified asset class across the investment portfolio continue to provide substantial income resources. The Finance Committee met regularly with JWT's investment managers during the period to review investment performance during the phase of high volatility in the markets globally. For a number of years the Trustees have adopted a strategy of a series of small withdrawals from free reserves to maintain grant making at a consistent level when the income earned from investments has dropped.

Net income available for grants was £119,241 (2021: £105,402). The grants committee had a budget of £115,000 for 2022 but subsequently awarded a total of £146,610 for payment in 2022. The value of grants awarded was increased following a restriction last year due to the lockdowns and restrictions related to Covid-19 which resulted in the cancellation of many charitable activities funded by JWT and in particular residential school trips, co-curricular activities and after school clubs. Current awards are more in line with pre-pandemic levels.

The Trustees are satisfied that the JWT's assets are available and adequate to fulfil its obligations on each fund.

Investment Policy and Performance

The investments of the John Watson's Trust are managed on a discretionary basis by RBC Brewin Dolphin with the aim of generating a return from a combination of income generation and capital growth. The assets are invested taking a long-term view across a wide range of asset classes.

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy and performance sections of the Report of the Trustees.

JOHN WATSON'S TRUST

REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2022

FINANCIAL REVIEW (cont)

Market Overview

Over the year to 31 December 2022, the value of the portfolio increased, in total return terms, by 0.1% compared to a drop in the comparison index of -5.1%. The comparison index is a composite of indices associated with the RBC Brewin Dolphin Risk Level 7 mandate that the Trustees have chosen to follow. Given the permanent endowment of the Trust, the income generated by the investments is important. While not quite returning to 2019 levels, the level of income increased from the previous year to within touching distance, generating £170,775 – equivalent to a yield of 3.6%.

The financial reporting year encompassed a period of substantial volatility in financial markets. The conflict between Russia & Ukraine exacerbated the inflationary effects of a world emerging from global lockdowns, resulting in sharp rises in interest rates from central banks. These changes have resulted in an unsupportive environment for the 'growth' sections of the market that have typically led returns over the last decade and drove down the value of fixed interest investments due to rising bond yields. Throughout the year, markets favoured defensive sectors with energy, mining and defence stocks posting strong performance, supported by healthcare and consumer staples. The Trust, with its bias towards more mature dividend paying companies, was well positioned in this environment.

The investment time horizon for the portfolio remains very long term and this is reflected in the underlying allocation of the assets. Despite a period of economic change and market volatility, the portfolio remains focussed on equities as a key source of income and capital growth, particularly quality companies with strong franchises and commanding market positions.

Risk Management

The Trustees have identified the major strategic, business and operational risks which JWT faces, as follows: -

- Operational risks – employment issues, health and safety issues and fraud;
- Financial risks – investment management;
- Protection of trust data – computer data, personal records and sensitive data.

The Trustees consider they have established systems to mitigate these risks by a variety of means viz: setting up fidelity insurance to cover loss through fraud; investment in a portfolio of equities and bonds managed by Brewin Dolphin and regular reporting by manager and review of their performance by the Finance Committee; and protection of computer records by means of back up data. The Trustees have also adopted an Anti-Bribery policy.

In March 2018 the Trustees adopted a Privacy and Data Protection Policy in line with the General Data Protection Regulation, which then came into force in May 2018. The Trustees also approved an Interim Safeguarding Policy in November 2018, recognising JTS's support for vulnerable beneficiaries. An amendment was made to the application process asking organisational applicants to exhibit their own Safeguarding and Child Protection Policies when applying for funding. During the period the Trustees also reviewed the existing Conflict of Interest Policy and Risk Register. In January 2022 declarations of interest were collected and refreshed for all Trustees and the Register of Interest was updated to reflect any changes.

JOHN WATSON'S TRUST

REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2022

FINANCIAL REVIEW (cont)

Reserves Policy

The free reserves of JWT are the Revenue Fund which stands at £96,992 (2021: £125,051) at the end of the year. The Trustees' policy is to disburse the whole of the net income in grants and to utilise these free reserves to provide John Watson's Trust grants in any years of deficit. None of the free reserves relate to the John Watson's Foundationers' Trust.

PLANS FOR FUTURE PERIODS

The cost of living crisis, economic downturn in the UK and war in Ukraine continue to contribute significant social and economic disruption. JWT is taking steps to support the educational needs of children and young people affected by cost of living erosion and those in exile from their home countries and settling into new lives in the Lothians.

The financial impact on JWT is the potential for fluctuation in income earned from the investment portfolio as the performance of stock markets around the world responds to these geopolitical and economic pressures. The Trust has operational reserves available for grants and is expected to maintain the annual budget for grant making.

JWT's main objective is to provide income to meet the charitable purposes. The Trustees have approved a budgeted figure of £125,000 to be allocated for grants for 2023 although this will be subject to review in the course of the year.

JOHN WATSON'S TRUST

REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

JWT is governed by its Trust Deed and is registered as a charity in Scotland with the Office of the Scottish Charity Regulator (OSCR) and HMRC.

John Watson's School, Edinburgh was closed in 1975. The building and grounds were sold in 1977 and the proceeds were invested for charitable purposes. JWT was set up by Statutory Instrument 1984 No 1480 (s120) entitled "*The John Watson Trust Scheme 1984*" which came into force on 13 September 1984. The Trustees began regular distribution of funds in 1986.

The names and appointments of the Trustees are listed on page 1. All Trustees served throughout the period except as noted. Although the trust deed requires six Trustees to be Writers to the Signet, at present, seven Trustees are Writers to the Signet as the Trustee nominated by the Merchant Company Education Board is also a Writer to the Signet. The Trustees appoint a Finance Committee and a Grants Committee to carry out the business of JWT. All new Trustees participate in an orientation and training meeting and are provided copies of the trust deed, minutes of recent meetings and previous financial statements. JWT has appointed the WS Society to deal with all necessary grant giving, administrative and compliance matters. JWT has appointed a firm of investment managers to manage its investments on a fully discretionary basis.

STATEMENT AS TO DISCLOSURE TO AUDITORS

So far as the Trustees are aware, there is no relevant audit information of which the charity's auditors are unaware, and each Trustee has taken all the steps they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Trustees' responsibilities

The Trustees are responsible for preparing a Trustees annual report and financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland, 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 Trust at the end of the year and of the profit or loss for the year then ended. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

JOHN WATSON'S TRUST

REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2022

STATEMENT AS TO DISCLOSURE TO AUDITORS (cont)

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. 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 Trust and financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees confirm that the accounts comply with the above requirements.

Approved by the Trustees on 21 March 2023 and signed on their behalf:

Robin Garrett

Robin Garrett WS
Trustee

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF

JOHN WATSON'S TRUST

For the year ended 31 December 2022

Opinion

We have audited the financial statements of John Watson's Trust for the year ended 31 December 2022, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) 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 (FRS102) (effective 1 January 2019).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of 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 and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF

JOHN WATSON'S TRUST (CONT)

For the year ended 31 December 2022

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.

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 and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires 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' annual report;
- Proper 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 6, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 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 auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance 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 of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF

JOHN WATSON'S TRUST (CONT)

For the year ended 31 December 2022

From enquiries of those charged with governance, it was determined that the risk of material misstatement from fraud was low with little scope for fraud to occur. Our audit testing is designed to detect material misstatements from fraud where there is not high level collusion.

Our audit testing was designed to detect material misstatements from other irregularities that result from error where there is not high level concealment of the error. In this regard the following audit work was undertaken: applicable laws and regulations were reviewed and discussed with management; senior management meeting minutes were reviewed; internal controls were reviewed; and journals were reviewed. From this audit testing it was determined that the risk of material misstatement in this regard was low.

We carried income testing and grants payable testing which was designed to identify any irregularities as a result of simple mistakes or human error. From this audit testing it was determined that the risk of material misstatement in this regard was low.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Whitelaw Wells
Statutory Auditor
9 Ainslie Place
Edinburgh
Midlothian
EH3 6AT

21 March 2023

Whitelaw Wells is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

JOHN WATSON'S TRUST

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2022

| | Note | Revenue Fund Un- Restricted £ | Capital Fund Restricted £ | JWFT Fund Restricted £ | Total Funds 2022 £ | Total Funds 2021 £ |
|--|------|--|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Income and endowments from: | | | | | | |
| <i>Investments</i> | 2 | 157,220 | - | 7,581 | 164,801 | 150,537 |
| Total | | <u>157,220</u> | <u>-</u> | <u>7,581</u> | <u>164,801</u> | <u>150,537</u> |
| Expenditure on: | | | | | | |
| <i>Raising funds</i> | | | | | | |
| Investment management costs | 3 | - | 29,441 | 1,420 | 30,861 | 29,506 |
| <i>Charitable activities</i> | | | | | | |
| General grants | 5 | 139,580 | - | 6,730 | 146,310 | 101,582 |
| Boarding grants | | 300 | - | - | 300 | 15,613 |
| Support costs | | 42,050 | - | - | 42,050 | 42,075 |
| Governance costs | | 3,349 | - | 161 | 3,510 | 3,060 |
| Total | | <u>185,279</u> | <u>29,441</u> | <u>8,311</u> | <u>223,031</u> | <u>191,836</u> |
| Net expenditure before gains/ (losses) on investments | | | | | | |
| | | (28,059) | (29,441) | (730) | (58,230) | (41,299) |
| Net gains/(losses) on investments | 8 | - | (162,734) | (7,847) | (170,581) | 592,570 |
| Net (expenditure)/income And net movement in funds | | <u>(28,059)</u> | <u>(192,175)</u> | <u>(8,577)</u> | <u>(228,811)</u> | <u>551,271</u> |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 125,051 | 4,680,823 | 218,024 | 5,023,898 | 4,472,627 |
| Total funds carried forward | 11 | <u>96,992</u> | <u>4,488,648</u> | <u>209,447</u> | <u>4,795,087</u> | <u>5,023,898</u> |
| Summary of net income available for grants | | | | | | |
| Income | | 157,220 | - | 7,581 | 164,801 | 150,537 |
| Expenditure before grants | | (45,399) | - | (161) | (45,560) | (45,135) |
| Net income available for grants | | <u>111,821</u> | <u>-</u> | <u>7,420</u> | <u>119,241</u> | <u>105,402</u> |
| Grants awarded | | (139,880) | - | (6,730) | (146,610) | (117,195) |
| Capital fund expenditure | | - | (29,441) | (1,420) | (30,861) | (29,506) |
| Deficit for year | | <u>(28,059)</u> | <u>(29,441)</u> | <u>(8,577)</u> | <u>(66,674)</u> | <u>(41,299)</u> |

The charity has no recognised gains or losses other than the results for the year set out above.
The notes on pages 14 to 27 are an integral part of these financial statements.

JOHN WATSON'S TRUST

BALANCE SHEET

As at 31 December 2022

| | Note | Revenue Fund Unrestricted £ | Capital Fund Restricted £ | JWFT Fund Restricted £ | 2022 £ | 2021 £ |
|---------------------------------------|------|--------------------------------------|------------------------------------|---------------------------------|-----------|-----------|
| Fixed assets | | | | | | |
| Investments | 8 | 93,854 | 4,488,648 | 209,304 | 4,791,806 | 4,999,455 |
| Current assets | | | | | | |
| Debtors | 9 | 6,481 | - | 296 | 6,777 | 7,762 |
| Cash at bank and in hand | | 20,341 | - | 929 | 21,270 | 37,631 |
| | | 26,822 | - | 1,225 | 28,047 | 45,393 |
| Liabilities | | | | | | |
| Creditors falling due within one year | 10 | (23,684) | - | (1,082) | (24,766) | (20,950) |
| Net current assets | | 3,138 | - | 143 | 3,281 | 24,443 |
| Net assets | | 96,992 | 4,488,648 | 209,447 | 4,795,087 | 5,023,898 |
| Represented by: | | | | | | |
| Restricted capital funds | | - | 4,488,648 | - | 4,488,648 | 4,680,823 |
| Restricted funds | | - | - | 209,447 | 209,447 | 218,024 |
| Unrestricted income funds | | 96,992 | - | - | 96,992 | 125,051 |
| Total Funds | 11 | 96,992 | 4,488,648 | 209,447 | 4,795,087 | 5,023,898 |

The financial statements were approved by the Trustees on 21 March 2023 and are signed on their behalf by:

Robin Garrett

Robin Garrett WS
Trustees

The notes on pages 14 to 27 are an integral part of these financial statements.

JOHN WATSON'S TRUST

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

| | Note | 2022 £ | 2021 £ |
|--|------|-------------|-------------|
| Net cash used in operating activities | 13 | (218,229) | (183,712) |
| Cash flows from investing activities: | | | |
| Interest and dividends | | 164,801 | 150,537 |
| Purchase of investments | | (763,105) | (454,110) |
| Proceeds from sale of investments | | 805,515 | 473,450 |
| | | <hr/> | <hr/> |
| Net cash provided by investing activities | | 207,211 | 169,877 |
| | | <hr/> | <hr/> |
| Change in cash and cash equivalents in the year | | (11,018) | (13,835) |
| Cash and cash equivalent brought forward | | 62,417 | 76,252 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents carried forward | | 51,399 | 62,417 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Cash held for reinvestment | | 30,129 | 24,786 |
| Cash at bank and in hand | | 21,270 | 37,631 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents carried forward | 15 | 51,399 | 62,417 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 14 to 27 are an integral part of these financial statements.

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. Accounting policies

Basis of Accounting

The financial statements have been prepared on the historical cost basis of accounting, with the exception of investments which are carried at market value. 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 (FRS102) issued October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Trust constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared on a going concern basis. The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the financial statements are to do with estimating the liability from future grant commitments (see Note 10 for more information). With respect to the next reporting period, 2023, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Report of the Trustees for more information). The accounts have been prepared on a going concern basis. The Trustees' going concern assessment includes the expected impact of COVID-19 to the Trust for a period of at least 12 months from the date of these financial statements.

Fund accounting

Unrestricted funds are funds that can be used in accordance with the objectives of the charity at the discretion of the Trustees.

Restricted funds are funds that can only be used for particular restricted purposes within the objectives of the Trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. The Capital Fund and JWFT Fund are restricted funds.

Further details of each fund are disclosed in Note 11.

Income Recognition

All income is included in the Statement of Financial Activities when the Trust is entitled to the income. It is probable that the income will be received and the amount can be measured reliably. The following specific policy is applied to investment income.

Investment income, including all associated income tax recoveries, is recognised when receivable and the amount can be measured reliably by the Trust. Dividends are recognised once the dividend has been declared and notification received of the amount due.

Expenditure Recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

1. Accounting policies (cont)

Expenditure Recognition (cont)

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the grant. Grant awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the Trust.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

Irrecoverable VAT

The Trust is not registered for VAT, and accordingly irrecoverable VAT is charged against the category of resources expended to which it relates.

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs include those costs incurred in the governance of the Trust and its assets and are primarily associated with constitutional and statutory requirements.

Governance costs and support costs relating to charitable activities have been apportioned based on the number of grant awards made in recognition that the administrative costs of awarding, monitoring and assessing all grants are broadly equivalent. The allocation of support and governance costs is analysed in Note 4.

Costs of raising funds

The costs of raising funds consist of investment management costs.

Charitable activities

Costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in Note 5.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives or other complex financial instruments.

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

Investments (cont)

The main form of financial risk faced by the Trust is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

Realised/Unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

2. Investment income

| | 2022 | 2021 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Dividends - equities | 156,026 | 142,844 |
| Interest – fixed interest securities | 8,725 | 7,688 |
| Interest on cash deposits | 50 | 5 |
| | <u>164,801</u> | <u>150,537</u> |

In 2022 of the investment income, £7,581 (2021: £6,925) was attributable to restricted funds with the balance of £157,220 (2021: £143,607) relating to unrestricted income funds.

3. Investment management costs

| | 2022 | 2021 |
|----------------------------|---------------|---------------|
| | £ | £ |
| Investment management fees | 30,861 | 29,506 |
| | <u>30,861</u> | <u>29,506</u> |

In 2022, £29,441 (2021: £29,506) of investment management costs were attributable to the restricted capital fund and £1,420 (2021: £1,357) was attributable to the restricted JWFT fund.

4. Allocation of government and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table over:-

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

4. Allocation of governance and support costs (cont)

| Cost type | Total allocated £ | Governance related £ | Other support costs £ |
|-----------------------------------|----------------------|-------------------------|--------------------------|
| Management fees – case assessment | 21,525 | - | 21,525 |
| Management fees – support | 20,475 | - | 20,475 |
| Computer & sundry expenses | 50 | - | 50 |
| | <u>42,050</u> | <u>-</u> | <u>42,050</u> |

Due to the nature of the Trust's activities and its management structure, the Trustees do not believe it is appropriate to allocate any of the support costs against the governance costs of the Trust.

Governance costs

| | 2022 £ | 2021 £ |
|------------------------------------|--------------|--------------|
| Auditor's remuneration – audit fee | 3,510 | 3,060 |
| | <u>3,510</u> | <u>3,060</u> |

The total governance and support cost attributable to charitable activities is then apportioned pro rata to the number of grants awarded as shown in the table below. An allocation of 4.6% of governance and support costs is charged to the restricted JWFT fund based upon the split of the value of funds at the date of receipt of this restricted fund.

Allocation of governance and support costs

| | 2022 £ | 2021 £ |
|-----------------|---------------|---------------|
| General grants | 45,207 | 42,182 |
| Boarding grants | 353 | 2,953 |
| | <u>45,560</u> | <u>45,135</u> |

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

5. Analysis of charitable expenditure

The Trust undertakes its charitable activities through grant making and awarded grants to a number of individuals and institutions in furtherance of its charitable activities.

| | Grants to Institutions £ | Grants to Individuals £ | Support Costs £ | Governance Costs £ | Total 2022 £ | Total 2021 £ |
|-----------------|--------------------------------|-------------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Funded from: | | | | | | |
| General grants | 86,714 | 59,596 | 41,697 | 3,483 | 191,490 | 143,764 |
| Boarding grants | - | 300 | 353 | 27 | 680 | 18,566 |
| | <u>86,714</u> | <u>59,896</u> | <u>42,050</u> | <u>3,510</u> | <u>192,170</u> | <u>162,330</u> |

In 2022 the expenditure on charitable activities was £192,170 (2021: £162,330) of which £185,279 (2021: £157,516) was expenditure from unrestricted funds and £6,891 (2021: £4,814) was expenditure from restricted funds.

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

5. Analysis of charitable expenditure (cont)

The following grants of £1,000 or more were made to organisations in 2022:-

| Name | Amount £ | Purpose |
|---------------------------------|-------------|---------------------------|
| Move On | 3,000 | Lagganlia trip |
| Redhall School | 1,000 | Trampoline |
| The Yard | 1,000 | 8-13 Club Equipment |
| Davidsons Mains School | 1,000 | Yard Sessions |
| Liberton High School | 2,000 | Loch Eil Outward Bound |
| Boghall Drop In Centre | 1,800 | Dalguise Trip |
| Criaglockhart After School Club | 2,000 | Transport Costs |
| Light Up Learning | 1,500 | Learning Enhancement Trip |
| Carrick Knowe Primary School | 1,020 | Lagganlia Trip |
| Diversified | 1,990 | Educational Materials |
| Cyrenians | 1,950 | Chromebooks |
| Mayfield and Easterhouse Y2K | 2,095 | Summer Activities |
| East Craigs Primary School | 1,200 | Lagganlia Trip |
| Children 1 st | 2,060 | Summer Activities |
| Hearts and Minds | 1,200 | Clown Doctors |
| AUGB | 1,000 | Theatre Workshops |
| Murrayburn Primary School | 2,400 | Benmore Trip |
| Broomhouse Primary School | 1,000 | Benmore Trip |
| Harmeny Education Trust | 1,188 | Amazonia Trip |
| Play Midlothian | 2,000 | Transport Costs |
| Hebridean Pursuits | 2,000 | Residential Trip |
| Canal Street Primary School | 2,000 | Lagganlia Trip |
| Clovenstone Primary School | 3,200 | Benmore Trip |
| Blackburn Primary School | 2,000 | Dalguise Trip |
| Forthview Primary School | 2,000 | Lagganlia Trip |
| Hermitage Primary School | 1,950 | Lagganlia Trip |
| St Josephs RC Primary School | 2,100 | Lagganlia Trip |
| St Cuthberts RC Primary School | 1,350 | Lagganlia Trip |
| Stenhouse Primary School | 2,000 | Lagganlia Trip |
| Friends of Cedarbank School | 1,774 | Deer Park Trip |
| Eildon Youth Hub [TD1] | 1,000 | Tuesday Group Activities |
| The Yard | 1,200 | Girls Group Equipment |
| ABC Music | 1,000 | Teenager Resources |
| Imagine | 1,000 | Travel & Ticket Bursaries |
| Edinburgh Science Festival | 1,000 | Ticket Bursaries |
| Space – Broomhouse Centre | 1,750 | Laptops |
| Craigtinny Primary School | 2,400 | Lagganlia Trip |
| Gracemount Primary School | 3,000 | Lagganlia Trip |

Carried forward

65,127

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

5 Analysis of charitable expenditure (cont)

| Name | Amount £ | Purpose |
|------------------------------|-------------|-------------------------|
| Brought forward | 65,127 | |
| Home Link Family Support | 1,000 | Stay and Play Sessions |
| Edinburgh Young Carers | 1,000 | Computers and resources |
| Liberton Primary School | 2,250 | Benmore Trip |
| Royal Mile Primary School | 3,900 | Lagganlia Trip |
| Clermiston Primary School | 1,800 | Lagganlia Trip |
| Parsons Green Primary School | 1,650 | Benmore Trip |
| Grants less than £1,000 | 9,987 | |
| | <hr/> | |
| | 86,714 | |
| | <hr/> <hr/> | |

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

5. Analysis of charitable expenditure (cont)

The following grants of £1,000 or more were made to organisations in 2021:-

| Name | Amount £ | Purpose |
|---------------------------------------|-------------|--|
| Canal St Primary School | 5,850 | Lagganlia trip |
| Gracemount Primary School | 3,000 | Lagganlia trip |
| East Lothian Council | 2,860 | Taxi transport to school |
| Music Broth | 2,610 | Library music equipment |
| Paradykes Primary School | 2,560 | Benmore trip |
| Craigentenny Primary School | 2,400 | Lagganlia trip |
| ABC Creative Music | 2,000 | Research for music resources for ASD teens |
| Stills Edinburgh | 2,000 | Scholarships |
| Liberton Primary School | 1,950 | Benmore trip |
| Lyra Artspace | 1,800 | Food for participants |
| Bonnyrigg Primary School | 1,650 | Ford Castle trip |
| Cyrenians Key To Potential | 1,600 | Tablets |
| Scottish Huntington's Association | 1,280 | Residential break |
| Mayfield and Easterhouse Youth | 1,279 | Summer programme funding |
| Smallpeice Trust | 1,250 | STEAM club think kit |
| Hillwood Primary School | 1,200 | Lagganlia trip |
| Live Music Now | 1,188 | Special school performances |
| St Mary's (Leith) RC Primary School | 1,050 | Lagganlia trip |
| St Ninians RC Primary School | 1,050 | Lagganlia trip |
| Living Paintings Trust | 1,000 | Touch to see library kit |
| Positive Help | 1,000 | Study buddies Scheme |
| Tormain Explorer Unit | 1,000 | Camping equipment |
| The Larder West Lothian | 1,000 | Tablets and transport |
| Guide Dogs for the Blind Association | 1,000 | Customeyes books |
| Broomhouse Primary School | 1,000 | Lagganlia trip |
| Lothian Autistic Society | 1,000 | Saturday adventure programme |
| The Yard | 1,000 | Materials for play sessions |
| Young Speakers Scotland | 1,000 | Workshops and summer camps |
| Read for Good | 1,000 | Books for hospital kids |
| Gracemount High School | 1,000 | Gardening equipment |
| Imagine | 1,000 | Performance for special needs kids |
| Friends of St Johns RC Primary School | 1,000 | Outdoor sport activities |
| Grants less than £1,000 | 3,039 | |
| | 54,616 | |
| | 54,616 | |

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

6. Salary costs

There were no employees during the year (2021: Nil).

No remuneration was paid to the Trustees (2021: £Nil).

No Trustees received any reimbursements of expenses during the year (2021: £Nil).

The Trust considers its key management personnel comprise the Trustees and the Clerk and Treasurer.

No remuneration was payable to the key management personnel. However, as disclosed in Note 14, the Clerk and Treasurer of JWT is an employee of the WS Society and seven of the Trustees are members of the WS Society, as required by JWT's trust deed. During the year JWT paid management fees, on a commercial basis, totalling £35,000 plus VAT (2021: £35,000 plus VAT) to the WS Society.

7. Auditor's remuneration

The Auditor's remuneration constituted an audit fee of £2,610 (2021: £2,160) and additional accountancy support fees of £ 900 (2021: £900).

8. Investments

| | 2022 £ | 2021 £ |
|--|------------------------|----------------------|
| Market value at 1 January | 4,974,668 | 4,401,439 |
| Additions at cost | 763,105 | 454,109 |
| Disposal proceeds | (805,515) | (473,450) |
| | <hr/> | <hr/> |
| Net gain/(loss) on revaluation at 31 December | 4,932,258 (170,581) | 4,382,098 592,570 |
| | <hr/> | <hr/> |
| Cash held for reinvestment | 4,761,677 30,129 | 4,974,668 24,787 |
| | <hr/> | <hr/> |
| Market value at 31 December | 4,791,806 | 4,999,455 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Historical cost (including cash) at 31 December | 4,030,584 | 3,811,422 |
| | <hr/> <hr/> | <hr/> <hr/> |

Included within the net gain on revaluation for the year ended 31 December 2022 were realised gains of £ 11,017 (2021: realised gains of £9,844).

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

8. Investments (cont)

Investments at fair value comprised:

| | 2022 £ | 2021 £ |
|---|-------------|-------------|
| Equities | 4,593,038 | 4,731,024 |
| Fixed interest securities | 168,640 | 243,644 |
| Cash held within the investment portfolio | 30,128 | 24,787 |
| | <hr/> | <hr/> |
| | 4,791,806 | 4,999,455 |
| | <hr/> <hr/> | <hr/> <hr/> |

The investments are held in accordance with the Trustees' powers. The following investments exceeded 5% of the total portfolio value as at 31 December 2022:

BNY Mellon FD MNGR Asian Inc 5.45%

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investment is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy and performance sections of the Report of the Trustees.

The main risk to the Trust from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to 'quantitative easing' and market sentiment favouring lower risk investments, the yield on bonds has been abnormally low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels. Although rising interest rates resulting from a stronger economy and improved economic activity should be indicative of improving dividend yields and equity values, there is concern that the abnormal availability of 'cheap money' to the banking sector has led to over-valuation of traded assets (an 'asset bubble') that may depress equity values once economic conditions cease. The Trust is reliant on dividend yield in part to finance its work and this leads to a greater exposure to international companies, the values of which, together with their yield are exposed to exchange rate risk when converting the holdings into sterling. The outlook for the sterling exchange rate is that it is anticipated to weaken as European, US and Asian economies strengthen. A weakening in the exchange rate will improve sterling returns from foreign currency denominated holdings.

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

8. Investments (cont)

The default rate on fixed interest securities due to corporate failures is expected to improve with a strengthening economy. The high current demand for high quality corporate bond and government stock continues to depress the yield.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities and stock is anticipated to continue. The Trust's investments are mainly traded in markets with good liquidity and high trading volumes. The Trust has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Trust manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Trust does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5-year period will normally be corrected.

9. Debtors

| | 2022 | 2021 |
|----------------------|--------------|--------------|
| | £ | £ |
| Dividends receivable | 1,727 | 7,762 |
| Grants repayable | 5,050 | - |
| | <u>6,777</u> | <u>7,762</u> |

10. Creditors falling due within one year

| | 2022 | 2021 |
|------------------|---------------|---------------|
| | £ | £ |
| Grants committed | 13,510 | 10,979 |
| Accruals | 11,256 | 9,971 |
| | <u>24,766</u> | <u>20,950</u> |

Grants committed represent grant applications approved but not paid by the year end.

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

11. Movement in Funds

| | As at 1 January 2022 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | As at December 2022 £ |
|---------------------------|---------------------------------|-----------------------|-------------------------|-------------------------|--------------------------------|
| Unrestricted Revenue Fund | 125,051 | 157,220 | (185,279) | - | 96,992 |
| Restricted Capital Fund | 4,680,823 | - | (29,441) | (162,734) | 4,488,648 |
| Restricted JWFT Fund | 218,024 | 7,581 | (8,311) | (7,847) | 209,447 |
| | <u>5,023,898</u> | <u>164,801</u> | <u>(223,031)</u> | <u>(170,581)</u> | <u>4,795,087</u> |
| | <u><u>5,023,898</u></u> | <u><u>164,801</u></u> | <u><u>(223,031)</u></u> | <u><u>(170,581)</u></u> | <u><u>4,795,087</u></u> |

| | As at 1 January 2021 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | As at December 2021 £ |
|---------------------------|---------------------------------|-----------------------|-------------------------|-------------------------|--------------------------------|
| Unrestricted Revenue Fund | 138,955 | 143,612 | (157,516) | - | 125,051 |
| Restricted Capital Fund | 4,143,660 | - | (28,149) | 565,312 | 4,680,823 |
| Restricted JWFT Fund | 190,012 | 6,925 | (6,171) | 27,258 | 218,024 |
| | <u>4,472,627</u> | <u>150,537</u> | <u>(191,836)</u> | <u>592,570</u> | <u>5,023,898</u> |
| | <u><u>4,472,627</u></u> | <u><u>150,537</u></u> | <u><u>(191,836)</u></u> | <u><u>592,570</u></u> | <u><u>5,023,898</u></u> |

Unrestricted funds

The Revenue Fund represents income donated or earned by John Watson's Trust to be used at the discretion of the Trustees to fund any activity which is in furtherance of the Trust's objectives.

Restricted funds

The Capital Fund represents the initial original proceeds from the sale of the ground and buildings of John Watson's School in 1977, net realised and unrealised gains on investments arising since then and capital donations. The Capital Fund is represented by investments.

The JWFT Fund represents the proceeds from the winding up of the John Watson's Foundationalers Trust in 2010 and net realised and unrealised gains on investments arising since then and any surplus of deficit from activities. The purpose of the JWFT Fund is to provide grants for the education of day pupils (non-boarding) at schools in Scotland, who would otherwise not be able to continue in their education due to financial hardship.

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

11. Movement in Funds (cont)

When the Trust first started to distribute funds in 1986, the balance of the Revenue Fund representing accumulated net revenue since 1977 stood at £134,968. In years of deficit, it is the policy of the Trustees to utilise the Revenue Fund to augment current income available. In years of surplus, the surplus is added to the Revenue Fund.

12. Analysis of assets between funds

| | Unrestricted Funds | Restricted Funds | Total Funds 2022 |
|---------------------|-----------------------|---------------------|------------------------|
| | £ | £ | £ |
| Fixed assets | 93,854 | 4,697,952 | 4,791,806 |
| Current assets | 26,822 | 1,225 | 28,047 |
| Current liabilities | (23,684) | (1,082) | (24,766) |
| | <hr/> | <hr/> | <hr/> |
| | 96,992 | 4,698,095 | 4,795,087 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | Unrestricted Funds | Restricted Funds | Total Funds 2021 |
| | £ | £ | £ |
| Fixed assets | 101,732 | 4,897,723 | 4,999,455 |
| Current assets | 43,306 | 2,087 | 45,393 |
| Current liabilities | (19,987) | (963) | (20,950) |
| | <hr/> | <hr/> | <hr/> |
| | 125,051 | 4,898,847 | 5,023,898 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

13. Reconciliation of net movement in funds to net cash flow from operating activities

| | 2022 | 2021 |
|--|------------------|------------------|
| | £ | £ |
| Net movement in funds | (228,811) | 551,271 |
| Deduct investment income shown in investing activities | (164,801) | (150,537) |
| Add losses (deduct gains) on investments | 170,581 | (592,570) |
| (Increase)/decrease in debtors | 986 | 2,637 |
| Increase/(decrease) in creditors | 3,816 | 5,487 |
| | <hr/> | <hr/> |
| Net cash used in operating activities | (218,229) | (183,712) |
| | <hr/> <hr/> | <hr/> <hr/> |

JOHN WATSON'S TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont)

for the year ended 31 December 2022

14. Related party transactions

Anna Bennett WS, Clerk and Treasurer of JWT is an employee of the WS Society. Seven of the Trustees are members of the WS Society; six are required by JWT's trust deed. During the year JWT paid management fees, on a commercial basis, totalling £35,000 plus VAT (2021: £35,000 plus VAT) to the WS Society. In 2020 the Trustees agreed to renew the contract with the WS Society at the same price for a further 3 years to 31 December 2022.

15. Analysis of changes in net debt

| | 2021 £ | Cash Flows £ | 2022 £ |
|----------------------------|-------------|--------------------|-------------|
| Cash and cash equivalents | 37,631 | (16,359) | 21,271 |
| Cash held for reinvestment | 24,786 | 5,341 | 30,128 |
| | <hr/> | <hr/> | <hr/> |
| Cash at bank and in hand | 62,417 | (11,018) | 51,399 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

16. Commitments

Minimum payments committed to under the management agreement were:

| | 2022 £ | 2021 £ |
|----------------------------|-------------|-------------|
| Within one year | - | 42,000 |
| Between one and five years | - | - |
| | <hr/> | <hr/> |
| | - | 42,000 |
| | <hr/> <hr/> | <hr/> <hr/> |






JWT - 2022 Final Accounts

Final Audit Report

2023-03-22

| | |
|-----------------|--|
| Created: | 2023-03-22 |
| By: | Stefania Sossi (finance@wssociety.co.uk) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAADgQlz9YWC_1GIJB2Bq7ISHvSOoUeA_yc |

"JWT - 2022 Final Accounts" History

-  Document created by Stefania Sossi (finance@wssociety.co.uk)
2023-03-22 - 10:16:59 AM GMT- IP address: 188.39.108.178
-  Document emailed to Robin Garrett (robin.garrett@me.com) for signature
2023-03-22 - 10:20:01 AM GMT
-  Email viewed by Robin Garrett (robin.garrett@me.com)
2023-03-22 - 10:51:50 AM GMT- IP address: 151.229.143.1
-  Document e-signed by Robin Garrett (robin.garrett@me.com)
Signature Date: 2023-03-22 - 10:52:14 AM GMT - Time Source: server- IP address: 151.229.143.1
-  Agreement completed.
2023-03-22 - 10:52:14 AM GMT

Names and email addresses are entered into the Acrobat Sign service by Acrobat Sign users and are unverified unless otherwise noted.