

**THE CHARITIES ADMINISTERED ICW
THE HONOURABLE SOCIETY OF
THE MIDDLE TEMPLE**

Charity registration number: 314246

TRUSTEES' ANNUAL REPORT & FINANCIAL STATEMENTS

31 DECEMBER 2020

**THE CHARITIES ADMINISTERED ICW
THE HONOURABLE SOCIETY OF THE MIDDLE TEMPLE
TRUSTEES' ANNUAL REPORT & FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

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Reference and Administrative details

Charity name:	The Charities Administered ICW The Honourable Society of the Middle Temple
Charity registration number:	314246
Principal office:	The Treasury, Middle Temple, London. EC4Y 9BT
Trustees:	The Right Hon. Sir Richard Arnold (Chair from 8 October 2019) Mrs. Marilynne Morgan, CB Rodney Stewart Smith The Right Hon. Lord David Lloyd-Jones (appointed 11 June 2019; resigned 31 December 2020) Jessica Simor, QC (from 1 January 2021) Araba Taylor, QC (from 1 January 2021) Bernard Richmond, QC (from 1 January 2021)
Secretary to the Trustees:	A. W. Hopkin, Esq. Director of Finance & Corporate Services The Honourable Society of the Middle Temple
Bankers:	The Royal Bank of Scotland, 62-63 Threadneedle Street, London. EC2R 8LA
Solicitors:	Lester Aldridge LLP, 1 King Street, London. EC2V 8AU
Auditors:	Haysmacintyre LLP, Queen Street Place, London. WC4R 1AG
Investment Managers:	Investec Wealth & Investment Limited, 30 Gresham Street, London. EC2V 7QN

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TRUSTEES' REPORT

These Financial Statements have been prepared under the accounting policies detailed in Note 1 on page 15 of the accounts and comply with the Trust Deed, applicable law, and the requirements of the "Accounting and Reporting by Charities: Statement of Recommended Practice" (FRS102).

Objects and Activities for the public benefit

The Trustees confirm that they have considered the public benefit guidance available from the Charity Commission when reviewing the Trust Funds' aims and objectives and in planning future activities and setting scholarship making policy for the year.

The Trust Funds have been established to advance the education of intending practitioners at the Bar of England and Wales, through the award of scholarships.

The Trustees have established their scholarship policy to achieve the maximum public benefit. The Trustees firmly believe that a strong and independent Bar is a vital part of the Constitution for the following reasons:-

- (a) Members of the Bar will, through experience and training, be able to present cases to the Courts in an efficient and time-saving way;
- (b) They will, for the same reason, form a body of practitioners from which judicial appointments can be made;
- (c) They will be able fearlessly and publicly to challenge executive or other decisions at whatever level;
- (d) They will be able to represent a cause or individual however unpopular the cause or unattractive the individual may be.

The ultimate beneficiary of the Trust Funds' scholarship awards is the nation at large.

The Trust Funds carry out these objects by financing scholarships to individuals studying the Bar Professional Training Course (the 'BPTC') or the conversion course (the Graduate Diploma in Law or an equivalent), with the intention to undertake pupillage in England & Wales and commence in practice. The funds are provided from several Restricted Funds and Unrestricted Funds.

The Middle Temple Scholarship Fund was established in 2003 to further encourage donations from members of Middle Temple to fund future scholarship awards for the public benefit.

The aim of the Trustees is to ensure, wherever possible, a steady increase in the number and size of awards available, whilst maintaining the underlying value of the investments. The Trustees have delegated to the Scholarship & Prizes Sub-committee the task of making individual awards (both as to numbers and size) and to the Investment Sub-committee the proper investment of the Funds. One of the Trustees (historically, the Chair) is an *ex officio* member of the Investment Sub-committee and the Investment Manager's reports to the Sub-committee go to all the Trustees. The Middle Temple interviews every scholarship applicant, who must be a member of the Inn and have secured a place on the Bar Professional Training Course at one of ten institutions around the country. The deciding criterion for the award of a scholarship is an individual's merit. Scholarships are awarded with a view to maximising assistance to the more disadvantaged applicants; the quantum of any award is such that those applicants from poorer sections of the community receive a higher value scholarship and more help is available to a wider range of students.

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Details of how to apply for a scholarship are available on the Middle Temple website. <https://www.middletemple.org.uk/education-and-training/scholarships-and-prizes>

Achievements and Performance

Scholarships with a total value of £1,065k (2019: £1,258k) were awarded during the year, the majority of which were in the form of study awards. There is a total of £123k (2019: £245k) awards deferred, whilst some of the deferred awards from the previous years were given up. This is due to changes in the circumstances of the beneficiaries between the award of a scholarship (in the Spring of each year) and the commencement of the Bar course (in the Autumn). In most cases this is due to being unable to cover the full cost of studying and living costs. In fewer instances the need to defer is driven by unforeseen changes in their life circumstances. Grant recipients are allowed to defer for up to three years. The Education team of the Honourable Society of the Middle Temple administers the grants on behalf of the Trust Funds and keeps detailed records of any awards that are deferred. These deferred awards are reviewed on an annual basis to ascertain if the awards will eventually be paid or not.

The Trustees are aware of the materiality of deferred awards and the impact that holding cash that is not immediately required has on the Trust Funds' cash flow requirements. The Trustees are committed to continue monitoring this issue and to explore ways in which to better manage cash resources.

A further £1,469k was donated to The Middle Temple Scholarship Fund, bringing the total raised so far to £6,345k.

During 2020, the value of the investment portfolio increased to £16.2m and achieved a Total Return of 3.5% (net of fees) compared to a benchmark of -0.3%. The total portfolio value includes cash deposits of £102k (2019: £362k). Following the onset of the COVID-19 pandemic, the value of the portfolio decreased to £13.26 million at the end of March 2020. The value has subsequently recovered to just under £17.4 million as of 24 September 2021.

Since June 2004 (when Investec took over investment management services), the Total Return was 8.5% on an annualised basis, which compares favourably with the benchmark of 7.8%.

Further work is being carried out to facilitate measurement of the impact that the award of a scholarship has on a scholar. As the Trusts have been established to advance the education of intending practitioners at the Bar of England & Wales, it can be said that the Trust Funds' impact is considerable in providing financial support to students attending the BPTC or the GDL (or its equivalent): the award of a scholarship being contingent on securing a place at the appropriate course provider.

The Development Department keeps a record of professional student's progress, from the relevant starting point of the Access to the Bar Scheme or a Major Scholarship award to BPTC grades, date of Call to the Bar of England and Wales, pupillage, and tenancy. Scholars are encouraged to keep the Inn informed of all stages of their progress but are not obliged to do so. The Inn's new membership management system has improved the quality and accuracy of data held on its members. The implementation of the system has been challenging and it has not been possible to fully implement reliable tracking of an individual scholar's career progression. This is being addressed and the Inn's newly established Development Department will be working with the Education Department to improve impact measurement.

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The Inn has been successful in admitting a broad range of diverse individuals to membership of the Inn and is committed to continue its efforts to increase that diversity, particularly from individuals who would not otherwise consider a career at the Bar. The Inn has an 'outreach' capability as well as the tried and tested 'Access to the Bar' scheme, which offers bursaries to individuals to experience life at the Bar first-hand on a one-week placement. As a result of the recent Black Lives Matter movement, the Trustees reviewed the diversity of scholarship beneficiaries and remain committed to ensuring that diversity continues.

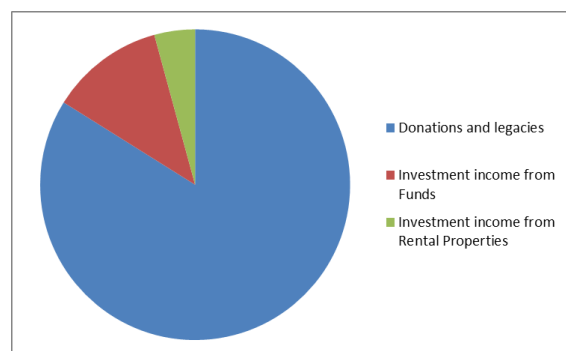
Financial Review

The Trust Funds are reliant upon a number of income streams:

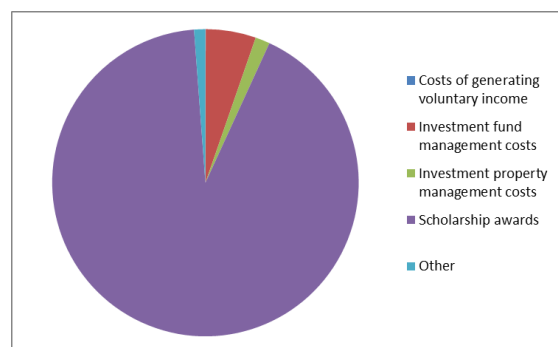
1. Income from the investment portfolio, which during the year amounted to £341k (2019: £487k);
2. Donations, which includes £660k (2019: £500k) from the Inn and £1,753k (2019: £111k) from external donors; and
3. Investment Properties income worth £122k (2019: £128k).

The majority of income was awarded in scholarships: £1,065k in 2020 (2019: £1,258k).

Income



Expenditure



Investment policy and performance

The investments are actively managed in accordance with the long-term objective of a balanced return within a medium risk profile, whilst continuing to hold a diversified portfolio. The annual Total Return performance of the portfolio since 2014 is shown in the table below.

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2014	5.0%
2015	3.3%
2016	14.4%
2017	11.9%
2018	-4.3%
2019	17.1%
2020	3.5%

During 2020, the return on the investment portfolio returned to positive territory from that in 2019. This results from active asset allocation and good stock selection on the part of the investment managers. The tactical position of being underweight in bonds was positive for the fund. The fund's bond investments continue to be biased towards shorter-dated and less volatile issues. Equity holdings performed well, also from tactical positioning. The returns on overseas equities were positive but were muted by the impact of currency movements, particularly sterling. The fund also benefited from its exposure to infrastructure assets, particularly in renewable energy.

Reserves policy

The Trustees hold reserves to ensure that every-day administration costs can be funded for a period of up to 12-months. They have considered if it would be prudent to hold reserves to finance one year's worth of scholarship awards but have concluded that this would tie-up too much cash within the Trusts.

However, the total Unrestricted Income funds held is disclosed as £5.38m (2019: £4.53m). This includes the total value of the Middle Temple Scholarship Fund. The Trustees have considered how best to use these funds to support beneficiaries. At their meeting in March 2021, the Trustees resolved to implement a drawdown policy for the unrestricted funds of an average of £300,000 per annum to support an increase in scholarship award funding to an average of 75% of the funding shortfall for scholars. The Trustees also resolved to review this position on a periodic basis.

How much to release is considered and agreed on an annual basis, at the time of setting up the annual budget. This discussion and decision-making process is also connected to the level of financial support that the Inn can provide, in the form of the annual grant to the Trust Funds. The Trustees continue to consider all this constrains in order to maximise public benefit whilst ensuring the medium- and long-term sustainability of the charity.

The investment portfolio is held for the longer term and is not available to pay for scholarships directly, given the restrictions on certain of the trusts that are held in the portfolio. Rather, that portfolio generates income to support annual scholarship awards. This income is drawn off from the portfolio and is supplemented by funding from the Inn.

It is hoped that the Inn's Development team will be able to generate new donations in the future, to build on those that have been received since the creation of the team in October 2019.

Plans for future periods

The free reserves of the Trust Funds remain at a minimum level; scholarships are generally equal to the value of the annual income generated and the donation from the Inn. Further growth in the value of scholarships will necessitate continued fundraising to generate a larger investment pool or an increase in the financial support provided by the Inn.

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The Trust Funds rely heavily on the generosity of the Inn for financial support to its scholarship awards. The Inn is entering a period where its financial resources will come under pressure. The Inn continues its commitment to ensuring that a combination of income sources from Investments and the annual grant from the Inn enable the Trust Funds to maintaining the existing levels of grant giving.

In September 2020, details of an extremely generous bequest from the estate of the late Master Pat Edwards, the former chair of the Scholarships & Prizes Committee, were received. The legacy was of benefit to the Middle Temple Scholarship Fund and to the Sir Paul Jenkins' Fund. £750k was received in 2020 for each fund. In 2021, further £787.5k was received for each of those two funds. This a remarkable gift that will make a very great difference to beneficiaries in the years to come.

Risk management

The major risks to which the charity is exposed, as identified by the Trustees, are reviewed annually and systems or procedures have been established to manage those risks. The Trustees have identified four categories of 'major risk': Governance, Operational, Financial, and Environmental. The risks identified as 'red', i.e. being the most serious that the Trusts face, are as follows: -

1. The loss of key staff employed by the Inn and who carry out the management of the Trusts on behalf of the Trustees. This is mitigated by the establishment of documented processes/procedures; in-house training of staff; and extended notice periods for senior staff in order to be able to source an appropriate replacement.
2. Dependency on income sources. The Inn very generously supports its Trust Funds with a substantial annual donation. The Inn is committed to its financial support, however, as noted above, the next years will be financially challenging for the Inn. The Inn intends to support the Trust Funds as fully as its resources will allow. In addition, the Inn has appointed a new Development Team, which has been in place since the Autumn of 2019. Its role will include to fundraise for the Trust Funds.
3. Lack of effective fundraising. The fundraising activities should be able to generate sufficient funds to justify the costs, particularly the employment costs, that are incurred by the Inn. This is relevant as the overall staff overhead of the Inn may have an impact on how much funds are available for the annual grant to the Trust Funds. The Trustees are aware of the fundraising strategy drawn up by the recently established Development Department and are updated on the fundraising initiatives taken. The Trustees are also aware that sustainable fundraising activity may require a certain amount of time to bear fruit.
4. The portfolio is managed with the long-term objective of a balanced return within a medium risk profile, although the income generated is maximised so as to minimise the grant from the Middle Temple to support the level of scholarships awarded. This risk is managed by limiting the discretionary powers of the professional investment managers and regular monitoring of their performance.

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Structure, Governance, and Management

The Charities Administered in connection with The Honourable Society of the Middle Temple (the "Trust Funds") represents a collection of diverse funds grouped together under a scheme approved by The Charity Commission on 3 September 1975 and is a charity registered in England & Wales, number 314246. On 24 July 2003, the Charity Commission confirmed the registration of The Middle Temple Scholarship Fund as a subsidiary of the original registration.

The Funds originally grouped together were: Alfred Harmsworth Memorial Fund, Middle Temple Benefactors' Fund, The Astbury Scholarship Fund, Chrystal Macmillan Memorial Fund, Middle Temple Colombos Trust, JB Montague Memorial Trust Fund, The Charity of Constantine John Colombos, Helena Normanton Prize, Robert Garraway Rice Pupillage Prizes, Middle Temple Archibald Safford Trust.

Subsequently, new Funds were established and included within the scheme. The new Funds are: Lord Justice Sachs Entrance Exhibition, Jules Thorn Fund, Lintern Award, The Joseph Jackson Memorial Fund, The Queen Mother's Scholarships & Awards Fund, The Middle Temple Scholarship Fund.

A Marshalling Bursaries/Access to the Bar Fund was added in 2010 and awards were made to students from 2011 onwards. A Readers' Essay Prize Fund was approved by resolution of the Trustees during 2012. The 'Readers' Essay Prize' was converted to the 'Readers' Scholarship' with effect from 4 February 2015. The underlying prize fund was also at this time reclassified as an Unrestricted Income Fund and subsumed within the Middle Temple Scholarship Fund, following approval of the change by the donor of the original fund. In 2016 the Mc Mullen restricted income fund was established. In 2018, after the untimely death of Sir Paul Jenkins, a restricted income fund was set up on his memory.

The Trustees are appointed by the Treasurer on behalf of the Benchers of the Inn. They meet at least twice each year and ensure that the policy objectives of each Fund are met in accordance with the individual schemes of administration. They also consider investment performance and risk management policies and procedures. Each year the Trustees' report and financial statements are published to the Inn and considered by its Finance & Resources Committee. Training is available for Trustees on an ongoing basis; professional advisers attend meetings and provide training on specific issues upon which the Trustees are required to make decisions, e.g., investment strategy, accounting changes, etc. Training also takes place upon the induction of new Trustees.

All Trustees give of their time freely and approve strategic and policy matters; day-to-day management is delegated to the relevant Inn's staff. These staff provide their services free to the Trust Funds. No Trustee remuneration was paid in the year. The selection of recipients for awards is delegated to the Scholarships & Prizes Sub-committee of the Inn. Training is undertaken for those members of the Sub-committee who sit on the Award Panels; these meet during Easter each year and interview all scholarship applicants.

The investments of the individual Trust Funds are pooled under a Charity Commission approved scheme. The management of the pool is delegated to the Investment Sub-committee of the Inn; one of the Trustees, generally the Chairman, is a member of this Sub-committee. The Sub-committee meets on a quarterly basis and considers the report on portfolio performance produced by the Investment Manager.

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In order to better co-ordinate the income generation and expenditure arms of the Trust Funds, the Inn's Director of Education Services (representing the scholarship awards activity) and the Associate Director of Development (representing fundraising activity) attend meetings of the Trustees.

COVID-19

The annual report and financial statements are approved during a period where there is a great deal of uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The Trustee's response has been to implement its contingency planning arrangements for such circumstances.

Acting for the benefit of the Trust Funds, the Inn's Education department was able to organise the Scholarship interviews, which took place remotely and 2020 awards have been granted. The fluctuations in the value of the investment portfolio has been monitored closely. The Clapham properties are tenanted and managed by a third-party property company. Tenants have been given some flexibility to delay payments for rents, which they are now repaying in instalments. Given the impact of the pandemic on the economy, it is estimated that the fundraising targets for 2020 will not be met. The Inn's Development team continues to research potential donors and approach them where appropriate.

The ultimate impact of COVID-19 on the world, the United Kingdom, the economy (both global and national), and the Inn is yet to be seen with any measure of certainty. The response of HM Government to the pandemic has been unprecedented and is an indication of the extreme effects the outbreak will have on the domestic economy.

Through appropriate consideration of risks as part of its normal risk management processes and mitigating actions, both already taken and available to be taken, the Trustees consider that it is appropriate for the 'going concern' basis to be adopted for these financial statements.

The Trustees continues to monitor the operational landscape and its impact on assets and related income.

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

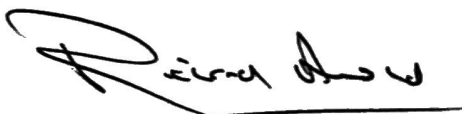
Charity law requires the Trustees to prepare financial statements for each financial year and not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of the affairs of the Charity as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the year then ended.

In preparing those financial statements which give a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 assume that the charity will continue on that basis.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with relevant law. The Trustees 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.

Approved by the Trustees on 4 October 2021, and signed on behalf of the Trustees of the Charities Administered in connection with The Honourable Society of the Middle Temple by:



The Right Hon. Sir Richard Arnold
Chair of Trustees

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE CHARITIES ADMINISTERED IN CONNECTION WITH THE HONOURABLE SOCIETY OF THE MIDDLE TEMPLE

Opinion

We have audited the financial statements of The Charities Administered ICW the Honourable Society of the Middle Temple for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position, 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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of the charity's net movement in funds 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 for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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 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 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 [group/charity]'s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other 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

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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 (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity, or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees are responsible for the 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 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

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:

Based on our understanding of the charity and the environment in which it operates, we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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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 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 Auditor's 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP.

Haysmacintyre LLP
Statutory Auditors
Date: 28 October 2021

10 Queen Street Place
London
EC4R 1AG

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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STATEMENT OF FINANCIAL ACTIVITIES

<i>£000s</i>		<i>Unrestricted Income Funds</i>	<i>Restricted Income Funds</i>	<i>Endowed Funds</i>	2020	2019
	<i>Notes</i>					
INCOME ON:						
Donations and legacies	2	1,468	934	10	2,412	611
Investment income from Funds		341	-	-	341	487
Investment income from Rental Properties		122	-	-	122	128
Total income		1,931	934	10	2,875	1,226
EXPENDITURE FROM:						
<i>Raising Funds</i>						
Costs of generating voluntary income		-	-	-	-	1
Investment fund management costs		61	-	-	61	67
Investment property management costs		16	-	-	16	40
<i>Charitable activities</i>						
Scholarship awards		1,054	11	-	1,065	1,258
<i>Other</i>						
		14	-	-	14	12
Total Expenditure		1,145	11	-	1,156	1,379
OPERATIONAL SURPLUS/(DEFICIT) BEFORE GAIN & LOSSES		786	923	10	1,719	(153)
Net gains/(losses) on investments						
<i>Gains on investment properties</i>		-	-	159	159	58
<i>Gains on investment assets</i>		68	-	174	242	1,963
		68	-	333	401	2,021
Net income		854	923	343	2,120	1,868
Transfers between funds		-	-	-	-	-
Net movements in Funds		854	923	343	2,120	1,868
Funds brought forward		4,532	156	14,559	19,247	17,377
Funds as 31 December 2020	11	5,386	1,079	14,902	21,367	19,247

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**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020**

<i>£000s</i>	<i>Notes</i>	<i>2020</i>	<i>2019</i>
FIXED ASSETS			
Investment property	8	3,339	3,180
Investments	8	<u>16,233</u>	<u>16,054</u>
		19,572	19,234
CURRENT ASSETS			
Debtors	9	28	46
Bank balances		<u>1,924</u>	<u>241</u>
		1,952	287
CREDITORS: Amounts falling due within one year	10	157	274
NET CURRENT ASSETS		<u>1,795</u>	<u>13</u>
NET ASSETS		<u>21,367</u>	<u>19,247</u>
FUNDS			
Unrestricted funds			
Unrestricted income funds	11	5,386	4,532
Endowment funds			
Capital endowment funds - property	11	3,339	3,180
Capital endowment funds - general		11,563	11,379
Restricted funds			
Restricted income funds	11	1,079	156
		<u>21,367</u>	<u>19,247</u>

The notes on pages 17 to 32 form part of these financial statements.

These financial statements were approved and authorised for issue by, and signed on behalf of, the Trustees:



The Right Hon. Sir Richard Arnold
4 October 2021

Trustee

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**STATEMENT OF CASH FLOWS
31 DECEMBER 2020**

<i>£000s</i>		2020	2019
Cash flows from operating activities			
Net cash provided by (used in) operating activities	13	1,073	(2,632)
Cash flows from investing activities:			
Dividends, interest and rent from investments		463	615
Proceeds from sale of investments		2,284	822
Purchase of investments		(2,481)	(1,082)
Gains/(losses) on investments		83	1,904
Net cash provided by Investing activities		349	2,259
Change in cash and cash equivalents in the reporting period		1,422	(373)
Cash and cash equivalents at the beginning of the reporting period		604	975
Cash and cash equivalents at the end of the reporting period		2,026	604

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Notes to the Financial Statements

Note 1:

ACCOUNTING POLICIES

The principal accounting policies adopted, judgements, and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charities Administered ICW The Honourable Society of the Middle Temple is a charity registered in England & Wales (charity registration number 314246) and meets the definition of a public benefit entity under FRS 102. The principal office is located at The Treasury Offices, Ashley Building, Middle Temple Lane, London. EC4Y 9BT.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Preparation of accounts on a 'going concern' basis

The Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels, and future plans gives Trustees confidence that the charity remains a 'going concern' for the foreseeable future.

Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates, and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure, and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustees have relied on the professional skill and judgment of third-party property valuation experts for the annual revaluation of the investment properties.

Income recognition

All income is recognised once the charity has entitlement to that income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Donations and legacies

Donations and gifts are included in full in the Statement of Comprehensive Income when the entitlement, probability of receipt, and the amount of income receivable can be measured reliably.

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Gifts in kind

Gifts in kind represent assets donated for distribution or use by the charity. Assets given for distribution are recognised as income only when distributed. Assets given for use by the charity are recognised when receivable. Gifts in kind are valued at the amount actually realised from the disposal of the assets or at the price the charity would otherwise have paid for the assets. The services provided by the Trustees and accounting services provided by The Honourable Society of the Middle Temple are not included within the financial statements as their value is not easily quantifiable.

Investment income

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

Expenditure

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

- Costs of raising funds comprises fundraising cost, investment fund management costs, and investment property management costs.
- Expenditure on charitable activities comprises Scholarship Grants.
- Other expenditure represents audit costs.

The charity is not registered for VAT.

Expenditure is allocated to the particular activity where the cost relates directly to that activity.

Allocation of costs

The Honourable Society of the Middle Temple provides The Charities Administered ICW The Honourable Society of the Middle Temple with free administrative and support costs, including staff time. The Middle Temple Trust Funds has no employees.

Investments

Investments are a form of basic financial instruments and are initially shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Comprehensive Income.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Comprehensive Income. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Comprehensive Income.

Investments – Stock and Shares

Quoted investments are stated at bid value at the balance sheet date and unquoted investments are stated at estimated market value. Any gain or loss made on the investments is taken to the Statement of Comprehensive Income.

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Investments – Properties

Freehold land and buildings are treated as investment properties and are included in the financial statement at their latest valuation: no depreciation is provided on these assets. Increases in value over their historic cost will be included in the capital endowment funds-property reserve, whilst any decrease below historic cost will be charged to that fund. A professional revaluation is carried out annually.

Creditors and provisions

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

Debtors

Short term debtors are measured at transaction value, less any impairment.

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Funds

Unrestricted funds are donations and other income receivable or generated for the objects of the charity.

Restricted funds are those funds which are to be used in accordance with specific instructions imposed by the donor or trust deed.

Endowment funds represent a number of significant historic funds previously received by the Inn from a number of benefactors. The policy for these funds is to use only the income generated each year on Scholarship Awards. The Trustees are aware of the need to retain these funds as assets, for the long term delivery of the charitable purposes. The Trustees will continue to preserve the capital of these endowment funds and if possible to increase their value for the long term.

Employee benefits

There are no employees.

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Note 2:

DONATIONS AND LEGACIES

	<i>Unrestricted Income Funds</i>	<i>Restricted Income Funds</i>	<i>Endowed Funds</i>	2020 £000s
Middle Temple grant	660	-	-	660
Legacies	758	750	10	1,518
Donations				
<i>Gift Aid donations</i>	22	39	-	61
<i>Non-gift aid donations</i>	22	135	-	157
Total donations	<u>1,462</u>	<u>924</u>	<u>10</u>	<u>2,396</u>
Tax recovered	6	10	-	16
TOTAL VOLUNTARY INCOME	<u>1,468</u>	<u>934</u>	<u>10</u>	<u>2,412</u>
Prior Year	<i>Unrestricted Income Funds</i>	<i>Restricted Income Funds</i>	<i>Endowed Funds</i>	2019 £000s
Middle Temple grant	500	-	-	500
Legacies	2	-	-	2
Donations				
<i>Gift Aid donations</i>	34	20	-	53
<i>Non-gift aid donations</i>	26	11	6	42
Total donations	<u>562</u>	<u>30</u>	<u>6</u>	<u>598</u>
Tax recovered	8	5	-	13
TOTAL VOLUNTARY INCOME	<u>570</u>	<u>35</u>	<u>6</u>	<u>611</u>

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Note 3:
ANALYSIS OF EXPENDITURE

	<i>Direct Costs Staff</i>	<i>Direct Costs Other</i>	<i>Grant Funding</i>	<i>Support Costs</i>	<i>2020 Total £000s</i>
Middle Temple Trust Funds	-	77	1,065	14	1,156
	<u>-</u>	<u>77</u>	<u>1,065</u>	<u>14</u>	<u>1,156</u>
Prior Year					
	<i>Direct Costs Staff</i>	<i>Direct Costs Other</i>	<i>Grant Funding</i>	<i>Support Costs</i>	<i>2019 Total £000s</i>
Middle Temple Trust Funds	-	109	1,258	12	1,379
	<u>-</u>	<u>109</u>	<u>1,258</u>	<u>12</u>	<u>1,379</u>

Note 4:
ANALYSIS OF SUPPORT COSTS

	<i>Governance</i>	<i>2020 £000s</i>	<i>2019 £000s</i>
Middle Temple Trust Funds	14	14	12
	<u>14</u>	<u>14</u>	<u>12</u>

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Note 5:

OPERATING LEASE INCOME

The Middle Temple Trust Funds has leases in three investment properties. The leases are residential. During the year they generated annual income of £122k. The leases have a fixed term, of two or five years.

£000s

Not later than One year	135
Later than one year but not later than Five years; and	46
Later than five years	0

Note 6:

GOVERNANCE COSTS INCLUDED

	<i>2020</i>	<i>2019</i>
	<i>£000s</i>	<i>£000s</i>
Auditors remuneration:		
Audit work	14	12
	14	12

Note 7:

NET INCOME FOR THE YEAR

	<i>2020</i>	<i>2019</i>
	<i>£000s</i>	<i>£000s</i>
This is stated after charging/crediting		
Auditors remuneration	14	12

No expenses were reimbursed to the Trustees (2019: nil)

No Trustee received remuneration in the current or prior year

The Trustees are considered the key management of the charity, and are not remunerated for this role.

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Note 8:

INVESTMENTS

	2020	2019
	£000s	£000s
Investment Property		
Market value at 1 January	3,180	3,122
Additions at cost	-	-
Unrealised gain on revaluation	159	58
Market value at 31 December	<u>3,339</u>	<u>3,180</u>
Investment Funds		
Market value at 1 January	15,692	13,468
Acquisitions/additions at cost	2,481	1,082
Proceeds of disposal	(2,284)	(822)
Net gains on disposals & revaluations	242	1,963
	<u>16,131</u>	<u>15,692</u>
Cash held in investment portfolio	102	362
Market value at 31 December	<u>16,233</u>	<u>16,054</u>

The following individual investment represent 5% or more of the aggregate value of the charity investments:

Baillie Gifford American	8.71%
Findlay Park Fds American	5.30%
Vanguard Funds	6.79%

	2020	2019
	£000s	£000s
Analysis of Investments		
Investment Property	3,339	3,180
Investment Fund	16,233	16,054
Total Investments	<u>19,572</u>	<u>19,234</u>

All investments in the Investment Fund are listed

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Note 9:

DEBTORS: amounts falling due within one year

	2020	2019
	£000s	£000s
Tax recoverable	2	2
Investment income	26	44
TOTAL DEBTORS & PREPAYMENTS	<u>28</u>	<u>46</u>

Note 10:

CREDITORS: amounts falling due within one year

	2020	2019
	£000s	£000s
Audit & taxation	14	13
Investment management fees	17	17
Middle Temple	3	-
Deferred scholarships	123	245
TOTAL CREDITORS: amounts falling due within one year	<u>157</u>	<u>275</u>

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Note 11:

ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Unrestricted Income Funds</i>	<i>Restricted Income Funds</i>	<i>Endowed Funds</i>	<i>Total £000s</i>
Investment property	-	-	3,339	3,339
Investments	4,670	-	11,563	16,233
Net current assets	716	1,079	-	1,795
	<u>5,386</u>	<u>1,079</u>	<u>14,902</u>	<u>21,367</u>

Prior Year

	<i>Unrestricted Income Funds</i>	<i>Restricted Income Funds</i>	<i>Endowed Funds</i>	<i>Total £000s</i>
Investment property	-	-	3,180	3,180
Investments	4,675	-	11,379	16,054
Net current assets	(143)	156	-	13
	<u>4,532</u>	<u>156</u>	<u>14,559</u>	<u>19,247</u>

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Note 12:

ANALYSIS OF FUNDS

	<i>Balance as at 1 January</i>	<i>New Capital</i>	<i>Transfers between Funds</i>	<i>Movement in property market value</i>	<i>Movement in market value</i>	<i>Balance as at 31 December</i>
ENDOWED FUNDS						
<i>£000's</i>						
Alfred Harmsworth Memorial Fund	1,087	-	-	-	13	1,100
The Astbury Scholarship Fund	1,247	-	-	-	15	1,262
Middle Temple Benefactors' Fund	8,442	10	-	159	100	8,711
Jules Thorn Fund	1,225	-	-	-	15	1,240
The Queen Mother Scholarships & Awards Fund	2,121	-	-	-	25	2,146
The Joseph Jackson Memorial Fund	437	-	-	-	6	443
TOTAL ENDOWED FUNDS	14,559	10	-	159	174	14,902

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	Balance as at 1 January	Transfer between funds	New Capital	Middle Temple grant	Investment Income	Property Income	Net Incoming resources from Charitable Activities	Scholarship awards	Property Costs	Other Expenditure	Movement in market value	Balance as at 31 December
UNRESTRICTED INCOME FUNDS												
<i>£000's</i>												
<i>Alfred Harmsworth Memorial Fund</i>												
Scholarship Reserve Account	24	-	-	81	18	-	-	(129)	-	(4)	-	(10)
Benevolent Account	10	-	-	-	-	-	-	-	-	-	-	10
Total Alfred Harmsworth Memorial Fund	34	-	-	81	18	-	-	(129)	-	(4)	-	-
The Astbury Scholarship Fund	16	-	-	39	21	-	-	(71)	-	(5)	-	-
Middle Temple Benefactors' Fund	43	-	-	183	142	122	-	(441)	(18)	(31)	-	-
Jules Thorn Fund	7	-	-	44	21	-	-	(67)	-	(5)	-	-
The Queen Mother Scholarships & Awards Fund	29	-	-	99	36	-	-	(156)	-	(8)	-	-
The Joseph Jackson Memorial Fund	15	-	-	-	7	-	-	(2)	-	(2)	-	18
Middle Temple Scholarship Fund	4,388	-	809	214	96	-	-	(186)	-	(20)	69	5,369
TOTAL INCOME FUNDS	4,532	-	809	660	341	122	-	(1,053)	(18)	(75)	69	5,386

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RESTRICTED INCOME FUNDS	<i>Balance as at 31 December</i>	<i>Transfer between funds</i>	<i>Incoming resources from generated funds</i>	<i>Other expenditure</i>	<i>Balance as at 31 December</i>
<i>£000's</i>					
Marshalling Bursaries/Access to the Bar Fund	35	-	3	(6)	32
Reader's Essay Prize Fund	15	-	-	-	15
J Mc Mullen	42	-	-	(5)	37
Sir Paul Jenkins Fund	64	-	758	-	822
Middle Temple Emergency Assistance Fund	-	-	173	-	173
TOTAL RESTRICTED FUNDS	156	-	934	(11)	1,079

All funds support the award of scholarships and grants. The purpose of the awards is to help with the costs of qualifying and practising as a barrister. These costs include: course fees to gain the required academic qualifications, living expenses whilst studying, the fees of joining the Inn and the fee to be Called to the Bar. Contributions also are made towards the cost of living during the year of pupillage. All unrestricted income is used for these types of expenditure. In terms of the Restricted Income Funds, the Marshalling Bursaries/Access to the Bar provides the opportunity for undergraduate students, from non-traditional backgrounds, to acquire work experience before deciding to undertake the training for the Bar. J Mc Mullen Fund is for the same purpose as the Access to the Bar, but only for female candidates. The Sir Paul Jenkins fund is to promote diversity in the Bar. The Readers Essay Prize also supports students in qualifying for the Bar.

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Note 12:

ANALYSIS OF FUNDS

COMPARATIVE ANALYSIS OF FUNDS 2019

	<i>Balance as at 1 January</i>	<i>New Capital</i>	<i>Transfers between Funds</i>	<i>Movement in property market value</i>	<i>Movement in market value</i>	<i>Balance as at 31 December</i>
ENDOWED FUNDS						
<i>£000's</i>						
Alfred Harmsworth Memorial Fund	981	-	-	-	106	1,087
The Astbury Scholarship Fund	1,126	-	-	-	121	1,247
Middle Temple Benefactors' Fund	7,562	6	-	60	814	8,442
Jules Thorn Fund	1,106	-	-	-	119	1,225
The Queen Mother Scholarships & Awards Fund	1,915	-	-	-	206	2,121
The Joseph Jackson Memorial Fund	394	-	-	-	42	436
TOTAL ENDOWED FUNDS	13,084	6	-	60	1,408	14,558

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	Balance as at 1 January	Transfer between funds	New Capital	Middle Temple grant	Investment Income	Property Income	Net Incoming resources from Charitable Activities	Scholarship awards	Property Costs	Other Expenditure	Movement in market value	Balance as at 31 December
UNRESTRICTED INCOME FUNDS												
<i>£000's</i>												
<i>Alfred Harmsworth Memorial Fund</i>												
Scholarship Reserve Account	11	-	-	135	26	-	-	(143)	-	(4)	-	24
Benevolent Account	10	-	-	-	-	-	-	-	-	-	-	10
Total Alfred Harmsworth Memorial Fund	21	-	-	135	26	-	-	(143)	-	(4)	-	34
<i>The Astbury Scholarship Fund</i>												
The Astbury Scholarship Fund	21	-	-	87	30	-	-	(117)	-	(5)	-	16
Middle Temple Benefactors' Fund	163	-	-	-	202	129	-	(376)	40	(33)	-	43
Jules Thorn Fund	21	-	-	136	30	-	-	(175)	-	(5)	-	7
<i>The Queen Mother Scholarships & Awards Fund</i>												
The Queen Mother Scholarships & Awards Fund	37	-	-	104	51	-	-	(155)	-	(8)	-	29
<i>The Joseph Jackson Memorial Fund</i>												
The Joseph Jackson Memorial Fund	17	-	-	-	10	-	-	(11)	-	(2)	-	14
<i>Middle Temple Scholarship Fund</i>												
Middle Temple Scholarship Fund	3,876	-	60	38	138	-	-	(267)	-	(23)	554	4,388
TOTAL INCOME FUNDS	4,156	-	60	500	487	128	-	(1,244)	(40)	(80)	554	4,532

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	<i>Balance as at 31 December</i>	<i>Transfer between funds</i>	<i>Incoming resources from generated funds</i>	<i>Other expenditure</i>	<i>Balance as at 31 December</i>
RESTRICTED INCOME FUNDS					
<i>£000's</i>					
Marshalling Bursaries/Access to the Bar Fund	35	-	16	(4)	34
Reader's Essay Prize Fund	15	-	8	(7)	21
J Mc Mullen	42	-	-	(5)	47
Sir Paul Jenkins Fund	64	-	35	-	35
TOTAL RESTRICTED FUNDS	156	-	59	(16)	137

Note 13:

**RECONCILIATION OF NET INCOME TO
NET CASH FLOW FROM OPERATING ACTIVITIES**

	2020	2019
	<i>£000s</i>	<i>£000s</i>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,720	(153)
Adjustments for:		
(Gains)/losses on investments	(242)	(1,963)
Dividends, interest and rent from investments	(463)	(615)
(Increase)/decrease in debtors	19	12
(Decrease)/increase in creditors	(120)	29
Unrealised gain/(losses) on revaluation	159	59
Net cash provided by/ (used in) operating activities	1,073	(2,631)
	2020	2019
	<i>£000s</i>	<i>£000s</i>
Analysis of Cash and Cash Equivalents		
Cash at bank and in hand	1,924	241
Cash at investment managers	102	362
	2,026	603

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Note 14:

RELATED PARTY TRANSACTIONS

There were no related party transactions to disclosure in the year.