

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

Charity registration number: 314246

TRUSTEES' ANNUAL REPORT & FINANCIAL STATEMENTS

31 DECEMBER 2021

**THE CHARITIES ADMINISTERED ICW
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YEAR ENDED 31 DECEMBER 2021**

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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 <i>(Chair to 31 December 2021)</i> Rodney Stewart Smith <i>(Chair from 29 March 2022 to 21 September 2022)</i> Bernard Richmond, KC <i>(Chair from 5 October 2022)</i> Marilynne Morgan, CB Jessica Simor, KC (from 1 January 2021) Araba Taylor, KC (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 16 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 £1,136k (2020: £1,065k) were awarded during the year, the majority of which were in the form of study awards. There is a total of £446k (2020: £123k) 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.

£864k was donated to The Middle Temple Scholarship Fund, bringing the total raised so far to £7,209k.

During 2021 the value of the investment portfolio increased to £17.7m and achieved a Total Return of 11.7% (net of fees) compared to a benchmark of 16.2%. The total portfolio value includes cash deposits of £338k (2020: £102k). Due to the war in Ukraine the value of the portfolio decreased sharply in Q2 of 2022. The value has subsequently fallen to £15.8 million as of 21 September 2022.

Since June 2004 (when Investec took over investment management services), the Total Return was 8.7% on an annualised basis compared to a benchmark of 8.3%.

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. A new Diversity and Inclusion Co-ordinator started to work for the Inn in February 2022. The Trustees reviewed the diversity of scholarship beneficiaries and remain committed to ensuring that diversity continues.

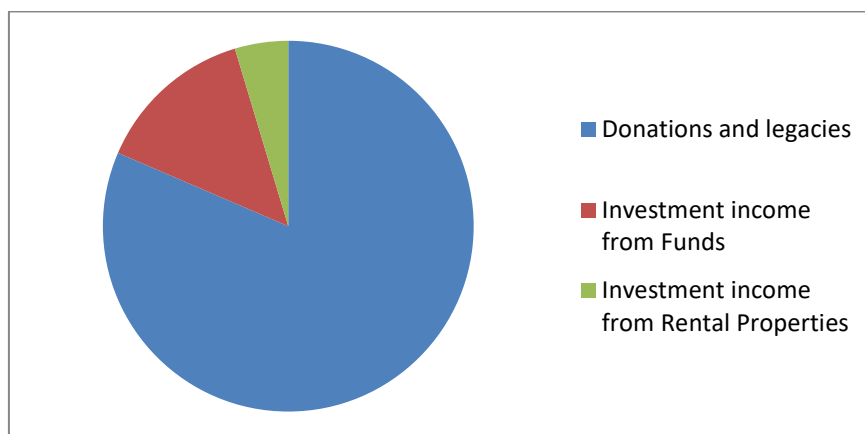
Financial Review

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

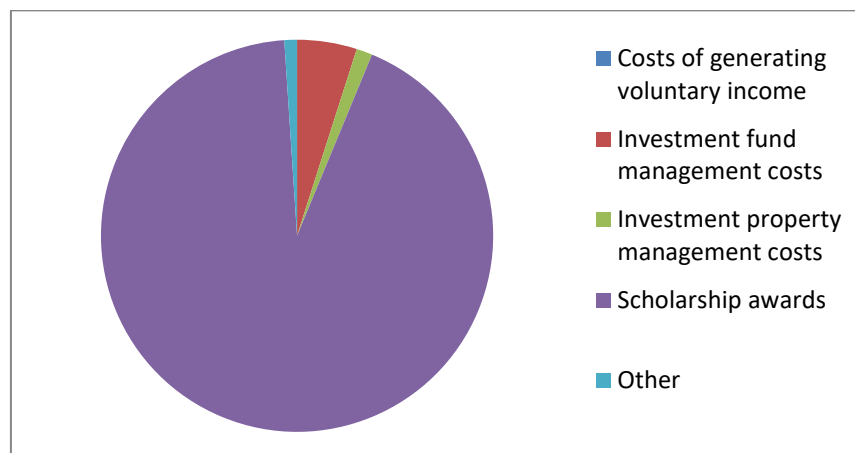
1. Income from the investment portfolio, which during the year amounted to £397k (2020: £341k);
2. Donations, which includes £500k (2020: £660k) from the Inn and £1,830k (2020: £1,751k) from external donors; and
3. Investment Properties income worth £133k (2020: £122k).

The majority of income was awarded in scholarships: £1,336k in 2021 (2020: £1,065k).

Income



Expenditure



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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.

2014	5.0%
2015	3.3%
2016	14.4%
2017	11.9%
2018	-4.3%
2019	17.1%
2020	3.5%
2021	11.7%

During 2021, the return on the investment portfolio returned exceeded that achieved in 2020. 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 £6.37m (2020: £5.38m). 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 300k per annum to support an increase in scholarship award funding to an average of 75% of the funding shortfall for scholars. The average ratio of funding provided, for awards granted in 2021, was 76%. £167k from the Scholarship Fund was deployed to cover the increase the ratio of funding awarded.

How much to release from the Scholarship Fund is considered and agreed on an annual basis, at the time of setting up the annual budget. The amount agreed by the Trustees for 2022 awards is 300k. 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.

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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.

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 same 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. A final distribution of £21.3k, was received in August 2022. The total legacy amounts £3,096k. 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. There are four areas of 'major risk': Governance, Operational, Financial, and Environmental. Risks are scored "gross" and "net" after factoring in risk controls, impact and likelihood. The risks are scored red, yellow and green.

The highest net score is under financial risks: the capital risk of the investment portfolio. The portfolio has suffered considerable fluctuations, caused by the market volatility the war in Ukraine generates. The holdings have been diversified to mitigate material a medium and long term changes. Investment managers continue to report on their strategy to the Investment sub-committee of the Inn, of which the Chair of the trustees is ex-officio a member of.

The next level of risk, moderate, is shared across various items in the register:

Loss of key staff 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.

Dependency on the Inn's support is mitigated by the work of the Development Team, that has been preparing various fundraising strategies. The Trustees are also aware that sustainable fundraising activity may require a certain amount of time to bear fruit. The Trustees are aware that the current economic situation may affect the levels of support from the Inn. The Inn remains committed to support the Trust Funds to continue providing grants at the existing levels.

Changes to Government policy do not allow much scope to mitigate that risk. The Director of Finance and Corporate Services continues to be up to date with any potential changes in Governmental policies that may affect the Trust Funds.

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The risk of the Trustees body lacking relevant skills is mitigated by the thorough assessment of potential trustees and their approval process.

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

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meets on a quarterly basis and considers the report on portfolio performance produced by the Investment Manager.

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

During 2021 the coronavirus pandemic (COVID-19) continued to impact everyday life, until a gradual ease of restrictions in the autumn. Acting for the benefit of the Trust Funds, the Inn's Education department was able to organise the Scholarship interviews which took place, as in the previous year, remotely. The pandemic has affected the study plans of many grant recipients. Many of those had to postpone their courses. This is reflected in the value of awards deferred. By the end of 2021, the value of the investment had recovered. The Clapham properties' tenants were given some flexibility to delay payments for rents, repaying it in instalments. The properties are fully tenanted with leases agreed until early 2025, and managed by a third-party property company.

Going concern

Management accounts, a cashflow forecast and a budget are provided to the trustees for their information and approval. The risk register also contributes to assessing and addressing any financial risks that may affect the ability of the Trust Funds to implementing the award strategy, in the medium and long term.

With receipt of the extremely generous bequest from the late Master Pat Edwards, the Trust Funds (the Middle Temple Scholarship Fund and the Sir Paul Jenkins' Fund in particular) are well placed to be able to support scholarship awards at the level that has been achieved in recent years in the near term; certainly farther into the future than the next 12 months following the date on which the financial statements are approved; the time horizon over which a 'going concern' assessment is made.

The Trustees consider that it is appropriate for the 'going concern' basis to be adopted for these financial statements.

Trustees

The Trustees noted the very sad news of the death of the Chair, Master Rodney Stewart Smith, on 21 September 2022. Master Stewart Smith had been Chair of Trustees since 3 March 2022, having been an active Trustee since 27 January 2016. The continuing Trustees are grateful for his contribution to the management of the Trust Funds, for his diligence, insight, and capable stewardship.

The Trustees are also grateful to Master Richard Arnold for his chairmanship up until the end of 2021, when he retired as a Trustee. Master Arnold was appointed as a Trustee on 26 January 2009 and became Chair of Trustees on 11 June 2019. Under Master Arnold's leadership, the Trustees developed a policy for the drawdown of funds from the Middle Temple Scholarship Fund to better support aspiring practitioners, dealt with the challenges presented by the COVID-19 pandemic and the establishment of a Middle Temple Emergency Assistance Fund (designed to support those practitioners not able to access financial support from the Barristers' Benevolent Fund), and introduced term limits for Trustees to ensure rotation of individuals and the regular refresh of skills on the trustee board.

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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 5 October 2022, and signed on behalf of the Trustees of the Charities Administered in connection with The Honourable Society of the Middle Temple by:



**Chair of Trustees
Bernard Richmond KC**



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Independent auditor's 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 2021 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 2021 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 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 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.

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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; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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: 13 October 2022

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>	<i>2021</i>	<i>2020</i>
	<i>Notes</i>					
INCOME ON:						
Donations and legacies	2	1,371	959	-	2,330	2,412
Investment income from Funds		397	-	-	397	341
Investment income from Rental Properties		133	-	-	133	122
Total income		<u>1,901</u>	<u>959</u>	<u>-</u>	<u>2,860</u>	<u>2,875</u>
EXPENDITURE FROM:						
<i>Raising Funds</i>						
Costs of generating voluntary income		-	-	-	-	-
Investment fund management costs		71	-	-	71	61
Investment property management costs		19	-	-	19	16
<i>Charitable activities</i>						
Scholarship awards		1,224	112	-	1,336	1,065
<i>Other</i>						
		15	-	-	15	14
Total Expenditure		<u>1,329</u>	<u>112</u>	<u>-</u>	<u>1,441</u>	<u>1,156</u>
OPERATIONAL SURPLUS/(DEFICIT) BEFORE GAIN & LOSSES		<u>572</u>	<u>847</u>	<u>-</u>	<u>1,419</u>	<u>1,719</u>
Net gains/(losses) on investments						
<i>Gains on investment properties</i>						
	8	-	-	-	-	159
<i>Gains on investment assets</i>						
		415	-	1,153	1,568	242
		<u>415</u>	<u>-</u>	<u>1,153</u>	<u>1,568</u>	<u>401</u>
Net income		<u>987</u>	<u>847</u>	<u>1,153</u>	<u>2,987</u>	<u>2,120</u>
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movements in Funds		<u>987</u>	<u>847</u>	<u>1,153</u>	<u>2,987</u>	<u>2,120</u>
Funds brought forward		5,386	1,079	14,902	21,367	19,247
Funds as 31 December 2021	12	<u>6,373</u>	<u>1,926</u>	<u>16,055</u>	<u>24,354</u>	<u>21,367</u>

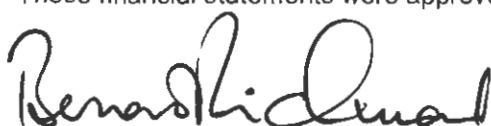
**THE CHARITIES ADMINISTERED ICW
THE HONOURABLE SOCIETY OF THE MIDDLE TEMPLE
TRUSTEES' ANNUAL REPORT & FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021**

<i>£000s</i>	<i>Notes</i>	<i>2021</i>	<i>2020</i>
FIXED ASSETS			
Investment property	8	3,339	3,339
Investments	8	<u>17,744</u>	<u>16,233</u>
		21,083	19,572
CURRENT ASSETS			
Debtors	9	30	28
Bank balances		<u>3,725</u>	<u>1,924</u>
		3,755	1,952
CREDITORS: Amounts falling due within one year	10	484	157
NET CURRENT ASSETS		<u>3,271</u>	<u>1,795</u>
NET ASSETS		<u>24,354</u>	<u>21,367</u>
FUNDS			
Unrestricted funds			
Unrestricted income funds	12	6,373	5,386
Endowment funds			
Capital endowment funds - property	12	3,339	3,339
Capital endowment funds - general		12,716	11,563
Restricted funds			
Restricted income funds	12	1,926	1,079
		<u>24,354</u>	<u>21,367</u>

The notes on pages 16 to 29 form part of these financial statements.

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



Bernard Richmond KC
Chair
5 October 2022

**THE CHARITIES ADMINISTERED ICW
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TRUSTEES' ANNUAL REPORT & FINANCIAL STATEMENTS
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**STATEMENT OF CASH FLOWS
31 DECEMBER 2021**

<i>£000s</i>		2021	2020
Cash flows from operating activities			
Net cash provided by (used in) operating activities	13	(355)	1,073
Cash flows from investing activities:			
Dividends, interest and rent from investments		530	463
Proceeds from sale of investments		2,535	2,284
Purchase of investments		(2,242)	(2,481)
Gains/(losses) on investments		1,568	83
Net cash provided by Investing activities		2,391	349
Change in cash and cash equivalents in the reporting period		2,036	1,422
Cash and cash equivalents at the beginning of the reporting period		2,026	604
Cash and cash equivalents at the end of the reporting period		4,062	2,026

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

**THE CHARITIES ADMINISTERED ICW
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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.

**THE CHARITIES ADMINISTERED ICW
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Note 2:

DONATIONS AND LEGACIES

	<i>Unrestricted Income Funds</i>	<i>Restricted Income Funds</i>	<i>Endowed Funds</i>	2021 £000s
Middle Temple grant	500	-	-	500
Legacies	826	788	-	1,614
Donations				
<i>Gift Aid donations</i>	28	93	-	121
<i>Non-gift aid donations</i>	10	55	-	65
Total donations	<u>1,364</u>	<u>936</u>	-	<u>2,300</u>
Tax recovered	7	23	-	30
TOTAL VOLUNTARY INCOME	<u>1,371</u>	<u>959</u>	<u>-</u>	<u>2,330</u>
Prior Year	<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>	10	<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>

**THE CHARITIES ADMINISTERED ICW
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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>2021 Total £000s</i>
Middle Temple Trust Funds	-	90	1,336	15	1,441
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	90	1,336	15	1,441
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Prior Year					
	<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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	77	1,065	14	1,156
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Note 4:

ANALYSIS OF SUPPORT COSTS

	<i>2021 £000s</i>	<i>2020 £000s</i>
Governance	<hr/>	<hr/>
	15	14
	<hr/>	<hr/>
	15	14
	<hr/>	<hr/>

**THE CHARITIES ADMINISTERED ICW
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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 £133.4k. 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	303
Later than five years	0

Note 6:

GOVERNANCE COSTS INCLUDED

	<i>2021</i>	<i>2020</i>
	<i>£000s</i>	<i>£000s</i>

Audit remuneration	<u>15</u>	<u>14</u>
	15	14

Note 7:

NET INCOME FOR THE YEAR

	<i>2021</i>	<i>2020</i>
	<i>£000s</i>	<i>£000s</i>

This is stated after charging/crediting

Auditors remuneration	<u>15</u>	<u>14</u>
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No expenses were reimbursed to the Trustees (2020: 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.

**THE CHARITIES ADMINISTERED ICW
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Note 8:

INVESTMENTS

	2021	2020
	£000s	£000s
Investment Property		
Market value at 1 January	3,339	3,180
Additions at cost	-	-
Unrealised gain on revaluation	-	159
Market value at 31 December	<u>3,339</u>	<u>3,339</u>
Investment Funds		
Market value at 1 January	16,131	15,692
Acquisitions/additions at cost	2,242	2,481
Proceeds of disposal	(2,535)	(2,284)
Net gains on disposals & revaluations	1,568	242
	<u>17,406</u>	<u>16,131</u>
Cash held in investment portfolio	338	102
Market value at 31 December	<u>17,744</u>	<u>16,233</u>

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

Vanguard Funds	9.65%
Baillie Gifford American	6.98%

	2021	2020
	£000s	£000s
Analysis of Investments		
Investment Property	3,339	3,339
Investment Fund	17,744	16,233
Total Investments	<u>21,083</u>	<u>19,572</u>

All investments in the Investment Fund are listed

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Note 9:

DEBTORS: amounts falling due within one year

	<i>2021</i> <i>£000s</i>	<i>2020</i> <i>£000s</i>
Tax recoverable	1	2
Investment income	29	26
TOTAL DEBTORS & PREPAYMENTS	<u>30</u>	<u>28</u>

Note 10:

CREDITORS: amounts falling due within one year

	<i>2021</i> <i>£000s</i>	<i>2020</i> <i>£000s</i>
Audit & taxation	15	14
Investment management fees	18	17
Middle Temple	5	3
Accruals for scholarships payable	446	123
TOTAL CREDITORS: amounts falling due within one year	<u>484</u>	<u>157</u>

**THE CHARITIES ADMINISTERED ICW
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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	5,028	-	12,716	17,744
Net current assets	1,345	1,926	-	3,271
	<u>6,373</u>	<u>1,926</u>	<u>16,055</u>	<u>24,354</u>

Prior Year

	<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>

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Note 12:

ANALYSIS OF FUNDS

	<i>Balance as at 1 January</i>	<i>New Capital</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	1,100	-	-	85	1,185
The Astbury Scholarship Fund	1,262	-	-	98	1,360
Middle Temple Benefactors' Fund	8,711	-	-	674	9,385
Jules Thorn Fund	1,240	-	-	96	1,336
The Queen Mother Scholarships & Awards Fund	2,146	-	-	166	2,312
The Joseph Jackson Memorial Fund	443	-	-	34	477
		-	-		
TOTAL ENDOWED FUNDS	14,902	-	-	1,153	16,055

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Note 12:
ANALYSIS OF FUNDS

	<i>Balance as at 1 January</i>	<i>Draw down of Unrestricted Income Funds</i>	<i>New Capital</i>	<i>Middle Temple grant</i>	<i>Investment Income</i>	<i>Property Income</i>	<i>Net Incoming resources from Charitable Activities</i>	<i>Scholarship awards</i>	<i>Property Costs</i>	<i>Other Expenditure</i>	<i>Movement in market value</i>	<i>Balance as at 31 December</i>
UNRESTRICTED INCOME FUNDS												
<i>£000's</i>												
<i>Alfred Harmsworth Memorial Fund</i>												
Scholarship Reserve Account	(10)	-	-	175	22	-	-	(192)	-	(5)	-	(10)
Benevolent Account	10	-	-	-	-	-	-	-	-	-	-	10
Total Alfred Harmsworth Memorial Fund	-	-	-	175	22	-	-	(192)	-	(5)	-	-
The Astbury Scholarship Fund	-	-	-	33	25	-	-	(53)	-	(5)	-	-
Middle Temple Benefactors' Fund	-	-	-	103	170	133	-	(350)	(19)	(37)	-	-
Jules Thorn Fund	-	-	-	99	24	-	-	(118)	-	(5)	-	-
The Queen Mother Scholarships & Awards Fund	-	167	-	90	42	-	-	(290)	-	(9)	-	-
The Joseph Jackson Memorial Fund	18	-	-	-	9	-	-	(11)	-	(2)	-	14
Middle Temple Scholarship Fund	5,369	(167)	871	-	105	-	-	(210)	-	(24)	415	6,359
TOTAL INCOME FUNDS	5,386	-	871	675	419	133	-	(1,416)	(19)	(92)	415	6,373

**THE CHARITIES ADMINISTERED ICW
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Note 12:

ANALYSIS OF FUNDS

RESTRICTED INCOME FUNDS	<i>Balance as at 31 December</i>	<i>Incoming resources from generated funds</i>	<i>Incoming resources from generated funds</i>	<i>Balance as at 31 December</i>
<i>£000's</i>				
Marshalling Bursaries/Access to the Bar Fund	32	2	(5)	29
Reader's Essay Prize Fund	15	-	-	15
J Mc Mullen	37	-	(5)	32
Sir Paul Jenkins Fund	822	798	-	1,620
Middle Temple Emergency Assistance Fund	173	158	(101)	230
TOTAL RESTRICTED FUNDS	1,079	958	(111)	1,926

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 is for the same purpose as the Access to the Bar, but only for female candidates. The 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 2020

ENDOWED FUNDS <i>£000's</i>	<i>Balance as at 1 January</i>	<i>New Capital</i>	<i>Movement in property market value</i>	<i>Movement in market value</i>	<i>Balance as at 31 December</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

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

RESTRICTED INCOME FUNDS <i>£000's</i>	<i>Balance as at 31 December</i>	<i>Incoming resources from generated funds</i>	<i>Balance as at 31 December</i>
Marshalling Bursaries/Access to the Bar Fund	35	3	32
Reader's Essay Prize Fund	15	-	15
J Mc Mullen	42	-	37
Sir Paul Jenkins Fund	64	758	822
TOTAL RESTRICTED FUNDS	156	934	1,079

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Note 13:

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

	2021	2020
	<i>£000s</i>	<i>£000s</i>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,419	1,720
Adjustments for:		
(Gains)/losses on investments	(1,568)	(242)
Dividends, interest and rent from investments	(530)	(463)
	(2)	19
(Decrease)/increase in creditors	326	(120)
Unrealised gain/(losses) on revaluation	0	159
Net cash provided by/ (used in) operating activities	<u>(355)</u>	<u>1,073</u>

	2021	2020
	<i>£000s</i>	<i>£000s</i>
Analysis of Cash and Cash Equivalents		
Cash at bank and in hand	3,724	1,924
Cash at investment managers	338	102
	<u>4,062</u>	<u>2,026</u>

Note 14:

RELATED PARTY TRANSACTIONS

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