



**THE CHARITIES ADMINISTERED IN CONNECTION WITH
THE HONOURABLE SOCIETY OF THE MIDDLE TEMPLE**

Charity registration number: 314246

TRUSTEES' ANNUAL REPORT & FINANCIAL STATEMENTS

31 DECEMBER 2023

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REFERENCE AND ADMINISTRATIVE DETAILS

Charity name	The Charities Administered in connection with The Honourable Society of the Middle Temple
Charity registration number	314246
Principal office	Treasury Offices, Ashley Building, Middle Temple Lane, London. EC4Y 9BT
Trustees	Bernard Richmond, KC [Chair] Marilynne Morgan [to 10 August 2023] Jessica Simor, KC Araba Taylor [to 6 December 2023] Andrew Burns, KC [from 10 August 2023] Evan Price [from 10 August 2023] Louise McCullough [from 23 May 2024]
Secretary to the Trustees	Andrew Hopkin, BA(hons), ACMA, CGMA Director of Finance & Corporate Services The Honourable Society of the Middle Temple
Bankers	The Royal Bank of Scotland, 250 Bishopsgate, London. EC2M 4AA
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 Cazenove Capital, 1 London Wall Place, London. EC2Y 5AU Waverton Investment Management Limited, 16 Babmaes Street, London. SW1Y 6AH

TRUSTEES' ANNUAL REPORT

These financial statements have been prepared under the accounting policies detailed in Note 1 on page 19 of the financial statements and comply with the Trust Deed, applicable law, and the requirements of the "Accounting and Reporting by Charities: Statement of Recommended Practice" (FRS 102).

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 the scholarship awards 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 awards policy to achieve maximum public benefit. Scholarships are awarded to applicants of all backgrounds to attract to the Bar talented people from all parts of our rich and diverse society. Scholarships recognise and reward merit and help to promote membership from underrepresented groups, including those facing financial or disability barriers in achieving a career at the Bar.

The trustees firmly believe that a strong and independent Bar is a vital part of the Constitution of the United Kingdom for the following reasons: -

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

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

The Trust Funds carry out their objects by financing scholarships to individuals who are studying the Bar Training Course or a conversion course (the Graduate Diploma in Law, or its equivalent), with the intention to undertake pupillage in England and Wales and then to

commence in practice. Funds for these scholarships are provided from Endowment Funds (investment income only), Restricted Income Funds, and Unrestricted Income Funds.

A further scholarship fund, the Middle Temple Scholarship Fund, was established in 2003 to further encourage donations from members of the Middle Temple to continue 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 scholarship awards that are made available, whilst maintaining the underlying value of the investments in which the funds are held. The level of scholarship awards during the year was lower than in previous years because of fewer applicants. The trustees have delegated the task of making individual scholarship awards (in terms of both numbers and size) to the Scholarships & Prizes Committee and the proper investment of funds to the Investment Sub-committee. One of the trustees (historically, the Chair) is an *ex officio* member of the Investment Sub-committee and the reports from the investment managers considered by the Sub-committee are also reviewed by the trustees at each of their meetings.

Middle Temple interviews every scholarship applicant, who must be a member of Middle Temple and have secured a place on the Bar Training Course at one of several institutions across the country. The deciding criterion for the award of a scholarship is an individual's merit to succeed in a career at the Bar of England & Wales. Only once a scholarship has been awarded is the quantum of that award considered and is based on the successful individual's financial circumstances. Scholarships are awarded with a view to maximising financial assistance to the more disadvantaged scholars; the quantum of an 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.

The details of how to apply for a Middle Temple scholarship are available at the following website address:

<https://www.middletemple.org.uk/education-and-training/scholarships-and-prizes>

Achievements and Performance

Scholarship awards with a total value of £977k (2022: £1,239k) were awarded during the year, the majority of which were in the form of study awards. This total was less than in 2022 due to a lower number of scholarship applicants than in previous years. The scholarship awards figure includes a total of £554k (2022: £626k) for awards that have been deferred to future years. The deferral of a scholarship award is allowed due to changes in the circumstances of beneficiaries between the date on which the scholarship was awarded and the commencement of the Bar Training Course. Successful scholars can defer the take up of their award for a maximum of three years. The Education Department of the Middle Temple administers the scholarship programme on behalf of the trustees, and they keep detailed records of all awards that are made, including details of deferrals. All deferred

scholarship awards are reviewed on an annual basis to ascertain if the award will eventually be paid or will lapse.

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

A further £543k (2022: £590k) was generously donated to the Trust Funds during the year.

During 2023, the value of the investment portfolio decreased to £16.14 million (2022: £18.72 million), due to adverse financial market conditions and the divestment of part of the portfolio towards the end of 2023 prior to the transfer of funds to new investment managers (as noted below). The Total Return achieved by the investment managers, net of fees, was as follows: -

- Investec Wealth & Investment: 7.0% (2022: -10.4%)
- Waverton Investment Management: 0.12% (2022: N/A)
- Cazenove Capital: 0.3% (2022: N/A)

During 2023, the trustees' concluded their review of the investment management appointment, with the support of the Investment Sub-committee. The review concluded that the mandate for Investec Wealth & Investment be terminated, and the investment portfolio split equally between two new managers: Waverton Investment Management and Cazenove Capital. The transfer of investment assets was initiated in late October 2023 and completed on 8 February 2024.

The investment portfolio figure disclosed in these financial statements includes cash deposits of £1.61 million (2022: £181k).

Further work is being carried out to facilitate measurement of the impact that the award of a scholarship has on the successful scholar. Anecdotal evidence suggests that Middle Temple scholars have a better chance of gaining pupillage than their non-scholar counterparts. A working group is to be established in 2024 to review the scholarship programme and the impact that is being delivered.

The Inn has been successful in admitting a broad range of diverse individuals to its membership and is committed to continuing its efforts to increase that diversity, particularly from individuals who would not otherwise consider a career at the Bar of England & Wales. The Inn has an 'outreach' capability, supported by the Sir Paul Jenkins' Fund, as well as the tried and tested 'Access to the Bar' scheme, supported by the Trust Funds' restricted income

funds, which offers bursaries to individuals to experience life at the Bar first-hand on a one-week placement. That work will continue in 2024.

Financial Review

The Trust Funds are reliant on several income streams, namely: -

- Income from the investment portfolio, which during the year generated £391k (2022: £367k);
- Donations of £543k (2022: £590k), which includes £500k of support from the Inn (2022: £500k) and £43k from external donors (2022: £90k);
- Rental income from the investment properties of £131k (2022: £134k); and
- Bank interest of £53k (2022: £11k).

Investment policy and performance

The investment portfolio is actively managed in accordance with the long-term objective of a balanced return with a medium risk profile, whilst continuing to hold a well-diversified portfolio.

In late 2023, the investment portfolio was transferred from Investec Wealth & Investment and split equally between Waverton Investment Management and Cazenove Capital. The performance figures for each manager are shown in the table below.

Figures as of 29 December 2023	£	Total return - Net	Benchmark
Investec Wealth & Investment	13,890,327	+6.95%	+10.44%
Waverton Investment Management	1,125,850	+0.12%	+0.84%
Cazenove Capital	1,125,850	+0.30%	N/A

Reserves policy

The trustees hold reserves to ensure that every-day administration costs can be funded internally for a period up to 12 months into the future. The trustees have also considered if it

would be prudent to hold reserves to be able to finance one years' worth of scholarship awards but have concluded that this would tie-up too much cash within the trusts.

However, the trustees hold total Unrestricted Income Funds of £5.90 million (2022: £6.51 million). These funds are represented by the Middle Temple Scholarship Fund. The trustees have considered how best to use these funds to support beneficiaries, both now and in the future. At their meeting in March 2021, the trustees resolved to implement a drawdown policy, if this was required in any one year, for the Unrestricted Income Funds of up to £300k per annum to support an increase in scholarship award funding to an average of 75% of the funding shortfall for successful scholarship applicants.

The amount of funds to withdraw from the Middle Temple Scholarship Fund is considered and agreed on an annual basis, as part of the overall consideration of the budget requirements for the forthcoming year. This discussion and decision-making process is also connected to the level of financial support that the Inn can provide each year, by way of its grant to scholarship funding. The trustees continue to consider all these constraints to maximise public benefit whilst ensuring the medium- and long-term sustainability of the Trust Funds.

Plans for future periods

The free reserves of the Trust Funds remain at a minimum level, as scholarship awards are generally equal to the value of income that is generated or received each year. Further 'real' growth in the value of scholarship awards will necessitate continued fundraising to generate a larger investment portfolio or an increase in the financial support provided by the Inn.

Risk management

The major risks to which the Trust Funds are exposed, as identified by the trustees, are reviewed annually and systems and procedures have been established to manage and/or mitigate those risks. There are four areas of 'major' risk: -

- Governance;
- Operational;
- Financial; and
- Environmental.

Risks are scored 'Gross' and 'Net' after taking account of existing risk controls. These risks are scored as 'red', 'yellow', or 'green' in descending order of impact and likelihood.

The highest Net score for the risks identified on the risk register is that for the capital risk to the investment portfolio. The individual investment holdings within the portfolio have been

diversified to mitigate material medium- and long-term challenges. The investment managers continue to report on their performance to agreed benchmarks at each meeting of the Investment Sub-committee.

The next level of risk, those risks that have a 'moderate' or 'yellow' risk score, is shared across various risks in the register.

- The 'Loss of key staff' risk is mitigated by the establishment of documented processes/procedures; the inhouse training of staff; and extended periods of notice for senior staff to be able to source an appropriate replacement.
- The risk of 'Dependency on the Inn's support' is mitigated by the work of the Inn's Development Team, who co-ordinate the programme of fundraising activities. The trustees are also aware that sustainable fundraising activity may require time to bear fruit. The current economic conditions in which the Inn operates are proving challenging, as they are for numerous organisations, and this may affect the level of support that the Inn can provide in future years.
- The risk of 'Changes in Government policy' presents very limited opportunity for mitigating actions. The Secretary to the Trustees, along with the auditors, continues to monitor the regulatory landscape for any potential changes in Government policies that may directly or indirectly affect the Trust Funds.
- The risk of the 'Trustee 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 registered charity in England & Wales, number 314246.

The endowed funds that were originally grouped together were as follows.

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 Fund
Robert Garraway Rice Pupillages Prize Fund	Middle Temple Archibald Safford Trust

Subsequently, new endowed funds were established and included within the original Charity Commission registration, namely the following.

Lord Justice Sachs Entrance Exhibition Fund	Jules Thorn Fund
Lintern Award Fund	The Joseph Jackson Memorial Fund

On 24 July 2003, The Middle Temple Scholarship Fund was incorporated into the original scheme of registration. Following a review conducted in 2014, this fund was reclassified by the trustees as an Unrestricted Income Fund.

In 2010, a 'Marshalling Bursaries/Access to the Bar Fund' was established as a Restricted Income Fund and awards were made to students from 2011 onwards. In 2016, the fund was renamed as the 'Sherrard Access to the Bar Fund'.

During 2012, a 'Readers' Essay Prize Fund' was approved by the trustees as a Restricted Income Fund. In 2015 and following approval by the original donor of the funds, the fund was reclassified as an Unrestricted Income Fund and the name of the award changed to the 'Readers' Scholarship'.

In 2016, the trustees approved the establishment of the 'McMullen Access to the Bar Fund' as a Restricted Income Fund. This fund enables a further eight students to experience life at the Bar first-hand during a one-week placement alongside the students in receipt of a Sherrard Access to the Bar bursary.

In 2018, following the untimely death of the then Master Treasurer, Sir Paul Jenkins, KCB, a Restricted Income Fund was established in his memory to provide fully funded scholarships to intending practitioners from communities where becoming a Barrister is not a traditional career path.

The Trustees are approved for appointment by the Master Treasurer on behalf of the Benchers of the Inn and agreement to that appointment is made by the existing trustees. Appointments and retirements are confirmed by the execution of an appropriate Deed.

There are at least two trustees' meetings each year; one in the Hilary term and one in the Michaelmas term. Discussion focuses on compliance with the policy objectives of each Fund, investment performance, budget setting and financial management, and risk management. Each year, the trustees' annual report and financial statements are made available to the Inn and are considered by its Finance & Resources Committee. Ongoing training is provided to the trustees and professional advisers attend trustee meetings as required. Training also takes place as part of the induction process for new trustees.

The trustees give of their time freely and approve strategic and policy matters. Day-to-day management of the Trust Funds is delegated to a professional staff, who also volunteer their time freely. No trustee remuneration was paid during the year (2022: nil).

The selection of scholarship recipients is delegated to the Scholarships & Prizes Committee, a committee of the Inn. Specific training is provided to those members of the Inn who sit on the Awards Panels. These Awards Panels meet each year during the Easter recess and interview all scholarship applicants. The awards to successful scholarship applicants are then subject to review by the Finance Review Panel, which is composed of three members of the Inn who have not taken part in the scholarship interview process or sat on one of the Awards Panels. The Secretary to the Trustees takes part in the Finance Review Panel meetings to provide financial and budgetary advice to panel members.

The Endowed Funds and part of the Unrestricted Income Funds are held in a common investment portfolio, the management of which is delegated to the Investment Sub-committee, a Sub-committee of the Inn's Finance & Resources Committee. One of the Trust Funds' trustees, historically its Chair, is a member of that Sub-committee. Investment Sub-committee meetings take place at the end of each quarter and consider the investment performance and valuation report from each investment manager. The performance and valuation reports and the minutes of the Investment Sub-committee meetings are shared with the Trust Funds trustees and the Chair will make an oral report on the proceedings of the Investment Sub-committee at each trustee meeting.

In order to better co-ordinate the income generation and expenditure dispersal activities of the Trust Funds, the Inn's Associate Director of Development & Communications (representing fundraising activities) and the Director of Education and the Scholarships Officer (representing scholarship awards activities) attend trustees' meetings when necessary.

Going concern assessment

Each year, as part of the audit process, the trustees formally consider whether or not the Trust Funds can be considered as a 'going concern.' In carrying out this assessment, the trustees consider several pieces of information, namely: -

- Management accounts;
- Cash flow forecasts;
- Annual budgets and five-year projections; and
- The Risk register.

Based on this information and enquiries of management, the trustees consider that it is appropriate for the 'going concern' basis to be adopted for these financial statements.

Signed for and on behalf of the trustees of the Charities Administered in connection with The Honourable Society of the Middle Temple



Bernard Richmond, KC
Chair of Trustees

Date: 4/10/24,

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

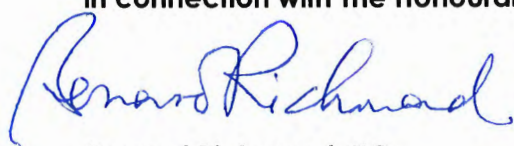
Charity law requires the trustees to prepare financial statements for each financial year and not to approve those financial statements unless they are satisfied that the financial statements give a true and fair view of the state of the affairs of the charity as at the date of the Statement of Financial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

In preparing those financial statements that 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 Statement of Recommended Practice ('Charity SORP');
- Make judgments and estimates that are reasonable and prudent;
- State whether or not applicable accounting standards and statements of recommended practice have been followed, subject to any material departures that are 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 that disclose with reasonable accuracy at any time the financial position of the charity and that 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 and signed on behalf of the trustees of the Charities Administered in connection with The Honourable Society of the Middle Temple by:



**Bernard Richmond, KC
Chair of Trustees**

Date: 4/10/24

DRAFT 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 2023 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 of 31 December 2023 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, 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 and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Physical inspection of tangible assets susceptible to fraud or irregularity;
- Reading minutes of meetings of those charged with governance; and
- Review of significant and unusual transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year-end for financial statement preparation.

Due to 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 Auditor

Date: 7 October 2024

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

STATEMENT OF FINANCIAL ACTIVITIES

£000s		Unrestricted Income Funds	Restricted Income Funds	Endowed Funds	2023	2022
	Notes					
INCOME						
Donations and legacies	2	535	8	-	543	590
Investment income from Funds		391	-	-	391	367
Investment income from Rental Properties		131	-	-	131	134
Other income		53	-	-	53	11
Total income		1,110	8	-	1,118	1,102
EXPENDITURE						
3						
<i>Raising Funds</i>						
Costs of generating voluntary income		1	-	-	1	11
Investment fund management costs		56	-	-	56	67
Investment property management costs		16	-	-	16	8
<i>Charitable activities</i>						
Scholarship awards		938	39	-	977	1,239
<i>Other</i>						
		18	-	-	18	16
Total Expenditure		1,029	39	-	1,068	1,341
OPERATIONAL SURPLUS/(DEFICIT) BEFORE GAINS & LOSSES		81	(31)	-	50	(239)
8						
<i>Net gains/(losses) on investments</i>						
Gains on investment properties		-	-	(67)	(67)	-
(Losses)/Gains on investment funds		(690)	-	(1,819)	(2,509)	1,035
		(690)	-	(1,886)	(2,576)	1,035
NET SURPLUS/(DEFICIT)		(609)	(31)	(1,886)	(2,526)	796
Transfers between Funds						
		-	-	-	-	-
NET MOVEMENT IN FUNDS		(609)	(31)	(1,886)	(2,526)	796
FUNDS BROUGHT FORWARD		6,513	1,820	16,816	25,149	24,353
FUNDS AS OF FINANCIAL YEAR END	12	5,904	1,789	14,930	22,623	25,149

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 19 to 31 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

£000s	Notes	2023	2022
FIXED ASSETS			
Investment property	8	3,272	3,339
Investments	8	16,142	18,720
		19,414	22,059
CURRENT ASSETS			
Debtors	9	43	44
Bank balances		3,741	3,717
		3,784	3,761
CREDITORS: Amounts falling due within one year	10	575	671
NET CURRENT ASSETS		3,209	3,090
NET ASSETS		22,623	25,149
CAPITAL & RESERVES			
Unrestricted Income Funds	12	5,904	6,453
Endowment funds			
Property	12	3,272	3,339
General		11,658	13,478
Total Endowment Funds		14,930	16,817
Restricted Income Funds	12	1,789	1,879
TOTAL CAPITAL & RESERVES		22,623	25,149

The notes on pages 19 to 31 form part of these financial statements.

These financial statements were approved and authorised for issue, and signed on behalf of, the trustees of the Charities Administered in connection with The Honourable Society of the Middle Temple, by:



**Bernard Richmond, KC
Chair of Trustees**

Date: 4/10/24

**STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2023**

<i>£000s</i>		2023	2022
Cash flows from operating activities			
Net cash provided by (used in) operating activities	13	277	2,057
Cash flows from investing activities:			
Dividends, interest and rent from investments		575	512
Proceeds from sale of investments		4,338	4,569
Purchase of investments		(2,840)	(4,656)
Realised gains/(losses) on investments		(897)	(1,035)
Net cash provided by Investing activities		1,176	(610)
Change in cash and cash equivalents in the reporting period		1,453	1,447
Cash and cash equivalents at the beginning of the reporting period		3,898	2,451
Cash and cash equivalents at the end of the reporting period		5,351	3,898

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Accounting policies

The principal accounting policies adopted, judgments, 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 United Kingdom and the Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), and the Companies Act 2006.

The Charities Administered in connection with 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 historic cost or transaction value unless otherwise stated in the relevant accounting policy note(s). All financial assets and liabilities are basic financial instruments.

Preparation of financial statements on a 'going concern' basis

The trustees consider that there are no material uncertainties about the Trust Funds' ability to continue as a 'going concern'. The review of the financial position, reserves levels, and future plans gives the trustees confidence that the Trust Funds remain a 'going concern' for the foreseeable future.

Critical accounting judgments and estimates

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the Trust Funds' accounting policies and the reported assets, liabilities, income and expenditure, and the disclosures made in the financial statements. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in 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 Trust Funds has entitlement to that income, it is probable that the income will be received, and the amount of income receivable can be reliably measured.

Gifts in kind

Gifts in kind represent assets donated for distribution or use by the Trust Funds. Assets given for distribution are recognised as income only when distributed. Assets given for use by the Trust Funds are recognised when receivable.

Gifts in kind are valued at the amount actually realised from the disposal of assets or at the price the Trust Funds would otherwise have paid for the assets. The services provided by the trustees and accounting and other administrative services provided by The Honourable Society of the Middle Temple are not included in 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 reliably measured.

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 reliably measured. Expenditure is classified under the following activity headings.

- Costs of raising funds, including fundraising costs, investment fund management costs, and investment property management costs.
- Expenditure on charitable activities, which relates to scholarship awards.
- Other expenditure, representing audit and other governance costs.

The Trust Funds are not registered for Value Added Tax purposes.

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 Trust Funds with free administrative and support costs, including staff time. The Trust Funds have no employees.

Investments

Investments are a form of basic financial instrument and are initially shown in the financial statements at market value. Movements in the market value of investments are shown as unrealised gains or losses in the Statement of Financial Activities.

Realised gains and losses on investments are calculated as the value between the sales proceeds and their opening carrying values or their purchase value if acquired after 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 the carrying value of the investment.

Both realised and unrealised investment gains and losses are combined in the Statement of Financial Activities and the Statement of Financial Position.

Investments – stocks and shares

Quoted investments are stated at bid value at the date of the Statement of Financial Position and unquoted investments are stated at estimated market value. Any gain or loss made on the investments is taken to the Statement of Financial Activities.

Investments – properties

Freehold land and buildings are treated as investment properties and are included in the financial statements at their latest market valuation. No depreciation is provided on these assets.

Increases in value over their historic cost will be included in the Property Revaluation Reserve, whilst any decrease below historic cost will be charged to the Middle Temple Benefactors' Fund (the source of the funds used to purchase the properties).

The annual revaluation exercise is carried out by third-party professional valuers with relevant experience of domestic property valuations.

Creditors and provisions

Creditors and provisions are recognised where the Trust Funds 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 reliably measured or estimated. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts that may be applicable.

Debtors

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

Cash at Bank and in hand

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

Funds

Unrestricted Income Funds are represented by donations and other income receivable or generated for the objects of the Trust Funds.

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

Endowment Funds represent several significant historic funds previously donated to the Inn from benefactors. The policy for these funds is to use only the income generated by them each year to pay scholarship awards. The trustees are aware of the need to retain these funds as assets for the long-term delivery of the Trust Funds' 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

The Trust Funds have no employees.

Note 2: Donations and legacies

Current Year £000s	Unrestricted Income Funds	Restricted Income Funds	Endowed Funds	2023 £000s
Middle Temple grant	-	-	500	500
Legacies	5	-	-	5
Donations				
<i>Gift Aid donations</i>	24	9	-	33
<i>Non-gift aid donations</i>	5	-	-	5
Total donations	34	9	500	543
Tax recovered on donations	1	(1)	-	-
TOTAL VOLUNTARY INCOME	35	8	500	543

Prior Year £000s	Unrestricted Income Funds	Restricted Income Funds	Endowed Funds	2022 £000s
Middle Temple grant	-	-	500	500
Legacies	11	11	-	22
Donations				
<i>Gift Aid donations</i>	28	9	-	37
<i>Non-gift aid donations</i>	18	3	1	22
Total donations	46	12	1	59
Tax recovered	9	-	-	9
TOTAL VOLUNTARY INCOME	66	23	501	590

Note 3: analysis of expenditure

Current Year	Direct Costs Staff	Direct Costs Other	Grant Funding	Support Costs	2023 Total £000s
Middle Temple Trust Funds	-	73	977	18	1,068
TOTAL EXPENDITURE	-	73	977	18	1,068

Prior Year	Direct Costs Staff	Direct Costs Other	Grant Funding	Support Costs	2022 Total £000s
Middle Temple Trust Funds	-	86	1,239	16	1,341
TOTAL EXPENDITURE	-	86	1,239	16	1,341

Note 4: analysis of support costs

	2023 <i>£000s</i>	2022 <i>£000s</i>
Governance	18	16
TOTAL SUPPORT COSTS	18	16

Note 5: operating lease income

The Middle Temple Trust Funds own three investment properties, located in Clapham, London. The leases are all residential and during the reporting year generated income of £131k. Each of the leases has a fixed term of between two and a half and three years.

	<i>£000s</i>
Not later than One year	131
Later than one year but not later than Five years; and	32
Later than five years	-

Note 6: Governance costs

	2023 <i>£000s</i>	2022 <i>£000s</i>
Auditor's remuneration	18	16
TOTAL GOVERNANCE COSTS	18	16

Note 7: net income for the year

	2023 <i>£000s</i>	2022 <i>£000s</i>
This is stated after charging/crediting		
Auditor's remuneration	18	16

Note 8: investments

	2023	2022
	<i>£000s</i>	<i>£000s</i>
Investment Properties		
Market value at 1 January	3,339	3,339
Unrealised loss on revaluation	(67)	-
Market value at 31 December	3,272	3,339

	2023	2022
	<i>£000s</i>	<i>£000s</i>
Investment Funds		
Market value at 1 January	18,539	17,406
Acquisitions/additions at cost	2,840	4,667
Proceeds of disposal	(4,338)	(4,569)
Net (losses)/gains on disposals & revaluations	(2,509)	1,035
	<hr/> 14,532	<hr/> 18,539
Cash held in investment portfolio	1,610	181
Market value at 31 December	16,142	18,720

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

Blackrock Fm Ltd Blackrock European Dynamic	5.0%
Vanguard Funds Plc S&P 500 Ucits Etf USD Dis	16.8%

	2023	2022
	<i>£000s</i>	<i>£000s</i>
Analysis of Investments		
Investment Properties	3,272	3,339
Investment Fund	16,142	18,720
Total Investments	19,414	22,059

All investments in the Investment Funds are listed on recognised stock exchanges.

Note 9: Debtors

	2023 <i>£000s</i>	2022 <i>£000s</i>
Tax recoverable	-	1
Investment income	43	43
TOTAL DEBTORS & PREPAYMENTS	43	44

Note 10: Creditors – amounts falling due within one year

	2023 <i>£000s</i>	2022 <i>£000s</i>
Audit & taxation	17	16
Investment management fees	-	17
Middle Temple	2	12
Accruals for scholarships payable	554	626
TOTAL CREDITORS: amounts falling due within one year	573	671

Note 11: analysis of net assets between funds

Current Year £000s	Unrestricted Income Funds	Restricted Income Funds	Endowed Funds	Total £000s
Investment properties	-	-	3,272	3,272
Investment funds	4,484	-	11,658	16,142
Net current assets	1,420	1,789	-	3,209
TOTAL NET ASSETS BETWEEN FUNDS	5,904	1,789	14,930	22,623
Prior Year £000s	Unrestricted Income Funds	Restricted Income Funds	Endowed Funds	Total £000s
Investment properties	-	-	3,339	3,339
Investment funds	5,243	-	13,477	18,720
Net current assets	1,270	1,820	-	3,090
TOTAL NET ASSETS BETWEEN FUNDS	6,513	1,820	16,816	25,149

Note 12: analysis of funds

ENDOWED FUNDS

CURRENT YEAR

**ENDOWED FUNDS
£000's**

Alfred Harmsworth Memorial Fund
The Astbury Scholarship Fund
Middle Temple Benefactors' Fund
Jules Thorn Fund
The Queen Mother Scholarships & Awards Fund
The Joseph Jackson Memorial Fund

TOTAL ENDOWED FUNDS

<i>Balance as at 1 January</i>	<i>New capital</i>	<i>Movement in investment property market value</i>	<i>Movement in investment funds market value</i>	<i>Balance as at 31 December</i>
1,241	-	-	(134)	1,107
1,424	-	-	(154)	1,270
9,830	-	(67)	(1,064)	8,699
1,399	-	-	(151)	1,248
2,422	-	-	(262)	2,160
500	-	-	(54)	446
16,816	-	(67)	(1,819)	14,930

PRIOR YEAR

**ENDOWED FUNDS
£000's**

Alfred Harmsworth Memorial Fund
The Astbury Scholarship Fund
Middle Temple Benefactors' Fund
Jules Thorn Fund
The Queen Mother Scholarships & Awards Fund
The Joseph Jackson Memorial Fund

TOTAL ENDOWED FUNDS

<i>Balance as at 1 January</i>	<i>New capital</i>	<i>Movement in investment property market value</i>	<i>Movement in investment funds market value</i>	<i>Balance as at 31 December</i>
1,185	-	-	56	1,241
1,360	-	-	64	1,424
9,385	-	-	445	9,830
1,336	-	-	63	1,399
2,312	-	-	110	2,422
477	-	-	23	500
16,055	-	-	761	16,816

Note 12: analysis of funds

UNRESTRICTED INCOME FUNDS

	Balance as at 1 January	Draw down of Unrestricted Income funds	Incoming resources from activities	Middle Temple grant	Investment income	Property income	Other income	Scholarship awards	Property costs	Investment management costs	Other expenditure	Movement in investment market value	Balance as at 31 December
CURRENT YEAR													
UNRESTRICTED INCOME FUNDS £000s													
Alfred Harmsworth Memorial Fund	-	-	-	112	21	-	3	(131)	-	(3)	(1)	-	1
Scholarship Reserve Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Benevolent Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Alfred Harmsworth Memorial Fund	-	-	-	112	21	-	3	(131)	-	(3)	(1)	-	1
The Astbury Scholarship Fund	-	-	-	76	24	-	3	(99)	-	(4)	(1)	-	(1)
Middle Temple Benefactors' Fund	(156)	-	-	139	165	131	22	(280)	(16)	(24)	(7)	-	(26)
Jules Thorn Fund	-	-	-	68	24	-	3	(90)	-	(3)	(1)	-	1
The Queen Mother Scholarships & Awards Fund	-	-	-	89	41	-	6	(127)	-	(6)	(2)	-	1
The Joseph Jackson Memorial Fund	19	-	-	16	8	-	1	(4)	-	(1)	-	-	39
Middle Temple Scholarship Fund	6,650	-	35	-	108	-	15	(207)	-	(15)	(7)	(690)	5,889
TOTAL UNRESTRICTED INCOME FUNDS	6,513	-	35	500	391	131	53	(938)	(16)	(56)	(19)	(690)	5,904
PRIOR YEAR													
UNRESTRICTED INCOME FUNDS £000s													
Alfred Harmsworth Memorial Fund	-	-	-	134	20	-	1	(150)	-	(4)	(1)	-	-
Scholarship Reserve Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Benevolent Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Alfred Harmsworth Memorial Fund	-	-	-	134	20	-	1	(150)	-	(4)	(1)	-	-
The Astbury Scholarship Fund	-	-	-	69	23	-	1	(87)	-	(4)	(2)	-	-
Middle Temple Benefactors' Fund	-	-	-	10	157	134	5	(419)	(8)	(29)	(6)	-	(156)
Jules Thorn Fund	-	-	-	147	22	-	1	(165)	-	(4)	(1)	-	-
The Queen Mother Scholarships & Awards Fund	-	-	-	140	39	-	1	(171)	-	(7)	(2)	-	-
The Joseph Jackson Memorial Fund	14	-	-	-	8	-	-	(1)	-	(1)	(1)	-	19
Middle Temple Scholarship Fund	6,417	-	57	-	97	-	3	(173)	-	(18)	(7)	274	6,650
TOTAL UNRESTRICTED INCOME FUNDS	6,431	-	57	500	366	134	12	(1,166)	(8)	(67)	(20)	274	6,513

Restricted Income Funds are used in accordance with the donor restrictions, i.e., the Sherrard and McMullen Access to the Bar awards provide an opportunity for undergraduate students from communities where a career at the Bar of England & Wales may not be an immediate career path to see how the profession works in practice. The VIS Moot Fund provides financial support to Middle Temple students taking part in the annual mooting competition. The Readers' Scholarship Fund provides an annual scholarship to one of the successful scholarship applicants. The Sir Paul Jenkins' Memorial Fund provides funding to support fully funded scholarships to two eligible scholarship award candidates each year, as well as supporting the Inn's 'outreach' programme.

The Middle Temple Emergency Assistance Fund was established during the COVID-19 pandemic to support those Middle Temple members in need of financial assistance who would not meet the criteria for support from the Barristers' Benevolent Association.

Note 13: reconciliation of net income to net cash flow from operating activities

	2023 £000s	2022 £000s
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,502)	(239)
Adjustments for:		
Unrealised (gains)/losses on investments	2,449	2,635
Dividends, interest and rent from investments	(575)	(512)
	2	(14)
(Decrease)/increase in creditors	(96)	187
Net cash provided by/ (used in) operating activities	278	2,057
Analysis of Cash and Cash Equivalents		
Cash at bank and in hand	3,741	3,717
Cash at investment managers	1,610	181
	5,351	3,898

Note 14: related party transactions

There were no related party transactions during the year, nor in the prior year.

During the year, no trustees received any remuneration or other benefits (2022: £nil).