

Company registration number: 10038349

Charity registration number: 1168170

THE MIDDLETON FOUNDATION

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2023

The Middleton Foundation

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The Middleton Foundation

Reference and Administrative Details

Trustees	P R Woolston J P Middleton C Middleton J C Middleton (resigned 8 November 2022) L E Middleton (appointed 8 November 2022)
Secretary	R L Johnston
Key Management Personnel	C Sells
Registered Office	62 The Close Quayside Lofts Newcastle upon Tyne NE1 3RJ The charity is incorporated in England and Wales.
Company Registration Number	10038349
Charity Registration Number	1168170
Bankers	Handlesbanken Sunderland 17 Pickersgill Court Quay West Riverside Business Village Sunderland SR5 2AQ
Auditor	Azets Audit Services Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

The Middleton Foundation

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2023.

Structure, governance and management

Nature of governing document

The company is constituted a charitable company limited by guarantee, registered in England and Wales (company number 10038349), governed by its Memorandum and Articles of Association dated 10 February 2016 and is a registered charity with the charity commission in England and Wales (charity number 1168170).

Recruitment and appointment of trustees

The management of the charitable company is the responsibility of the board trustees. The trustees are volunteers and give their time and experience freely. Trustees are elected and co-opted under the terms of the Articles of Association.

Induction and training of trustees

An induction is provided to new trustees. This allows them to understand their role in the charity, gain clarity on their legal responsibilities, and acquire knowledge on the key policies and procedures of the charity.

Relationships with related parties

The company has a wholly owned trading subsidiary, Charity Escapes Trading Company Limited Company number 10480807. Each operate with separate management teams and board of directors. The executive management team of the trading subsidiary update the Trustees quarterly of operations and performance.

Major Risks and management of those risks

The trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The board of trustees reviews the risk register at least annually to ensure transparency and control of all identified risks.

Objectives and activities

Objects and aims

- To provide accommodation to vulnerable people with learning disabilities in the North East England and Cumbria.
- To promote any charitable purpose for the benefit of the public generally, both in the UK and overseas.
- To apply the income or all such part or parts of the capital, at such time or times and in such manner as the trustees may in their discretion think fit in making donations and/or grants for the public benefit worldwide for charitable purposes and/or to existing charities whose charitable objects are principally:
 - The relief of those in need by reason of youth, ill health, disability, financial hardship, or other disadvantage
 - The prevention or relief of poverty
 - The advancement of education, the arts, culture or heritage

The Middleton Foundation

Trustees' Report

Our ambition is to provide affordable social housing to individuals with learning disabilities, in the North East of England and Cumbria, with a mission to help them find and secure a long-term, forever home. Our aim is to address the critical need for affordable housing options specifically tailored to meet the unique requirements of individuals with learning disabilities. We understand that providing the right home is the foundation to empowering individuals with disabilities to live a fulfilled life with dignity, independence, and empower a sense of belonging in the local community. The Trustees have named this housing project Mollys Project.

Objectives, strategies and activities

Molly's Project began in the summer 2022, following the receipt of two substantial donations to the charity.

The project has focused on four key pillars to achieve progress towards its objectives;

- Affordable Social Housing: The Middleton Foundation recognises the challenges faced by individuals with learning disabilities and their families in finding suitable and affordable accommodation. Through Molly's Project, the Foundation aims to bridge this gap by creating affordable housing options that prioritise accessibility, safety, and inclusivity.
- Long-Term, Forever Homes: The project emphasises the importance of stability and continuity in the lives of individuals with learning disabilities. By providing long-term housing solutions, Molly's Project aims to create a sense of belonging, independence, and security for its residents.
- Collaboration and Partnership: The Middleton Foundation are working in partnership with registered Housing Associations. The project aims to leverage their expertise and resources to ensure the long-term sustainability and viability of the housing initiatives.
- Communication: building relationship and continued dialogue with families, colleges, Local Authority commissioners, The Integrated Care Board in the North East and Cumbria, care providers, social workers and Housing Associations.

The Foundation has continued to make donations during the year to other charities. 2022 has been a difficult year, following aftermath of the pandemic and significant inflation in the UK, charities have found it difficult to regain the levels of donations needed to maintain operations. The Foundation is proud to be able to provide donations to support the continued operations of UK charities during this difficult time.

Through the Foundations investment in its trading subsidiary, Charities Escapes Trading Company Limited, The Foundation has been able to further support charities to raise much needed funding. Charities Escapes Trading Company Limited has continued to deliver a high quality service to charities in the UK inline with its objectives.

Public benefit

The trustees consider that through providing affordable housing to vulnerable people with learning disabilities, the enabling other charities to raise greater funds for their charitable purposes and by the provision of grants, the Middleton Foundation is delivering public benefit.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

The Middleton Foundation

Trustees' Report

Achievements and performance

The charity received two large donations in 2022. The trustees made the decision to designate these funds and assets to Molly project, the charities affordable social housing project for individuals with learning disabilities in the North East of England and Cumbria.

2022 has been a year of investment, building a stable foundation for Molly's Project. During the year the trustees made significant progress on its four key pillars of Molly's project;

- The trustees received a donation of a 4 bed property in Carlisle. This property has provided a forever home to 3 young ladies with learning disabilities and provided vital comfort and reassurance to their families. Allowing the ladies and their families to live a fulfilled and happy life. The rental yield of 6% received on this property has been reinvested into Molly's project to help more individuals with learning disabilities find their forever home.
- The trustees developed working partnerships with two registered housing providers. These partnerships will enable high quality, sustainable and safe housing to be provided by the project in the future. The knowledge and expertise of these housing associations is invaluable to the success of the project.
- The project has invested significant resource into building relationships and maintaining communication with seven local authority commissioning teams in the North East and The Integrated Care Board in the North East and Cumbria.

The focus this year has been on developing Molly's projects footprint in the North East and Cumbria and working with commissioners, care providers and registered housing to determine compatibility of individuals and housing requirement specifications. During this time the trustees have invested the donated funds to make the best balanced risk/return on the funds – generating a yield of 3% in the period.

Key non-financial performance indicators

In the year Molly's project has provided housing for 3 people with learning disabilities in the North East and Cumbria.

The trustees were pleased to be able to award grants totalling £96K (2021:£48K) to 83 charities. The coming year continues to provide significant uncertainty in the hospitality industry due to the residual impact of Covid-19 and the cost of living crisis squeezing household disposable income in the UK.

In addition the Foundations trading subsidiary, has achieved the following over the year to 31 March 2023:

Number of donors – 32 (FY22: 65)

Total number of prizes donated – 673 (FY22: 653)

Number of charities supported by the placing of prizes into their events – 220 (FY22: 127)

Total funds raised for charities through prize events - £182,418 (FY22: £216,455)

The Middleton Foundation

Trustees' Report

Financial review

The charity received £2,615K of donations and earned £53K from rent and interest. The cost to run the charity for the year totalled £171k and donations in support of other charities totalled £96K.

At the year end the Foundation has unrestricted reserves of £2,485K. Of these reserves, £49K is tied up in intercompany loans with the trading subsidiary and £2,429K has been designated by the trustees to Molly's project. The trading subsidiary made regular repayments of the intercompany loan totalling £37K in the year.

Policy on reserves

In line with Charity Commission guidelines the trustees monitor the level of reserves held to ensure they are being used to help the objectives of the charity. The calculation of free reserves is based on the definition included in the charity statement of recommended practice (SORP), which provides recommendations for accounting and reporting for charities. The trustees have examined the requirements of the charity to hold free reserves – those reserves not invested in tangible fixed assets, excluding intercompany loans, long term liabilities, or designated for a particular purpose. The Trustees considered it would be appropriate to hold the equivalent of 3 months expenditure. 3 months expenditure would equate to holding approximately £55K in free reserves. On this basis free reserve are £6K at the year-end (negative £3K FY22).

Fundraising disclosures

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors. The charity's brand awareness is facilitated through a public relation consultant, social media feeds and positive word of mouth advertising. We report on any fundraising complaints for which there were none in 2023.

Plans for future periods

The trustees are encouraged by the progress made on Molly's project to date. The substantial donation of shares and property to the value of £2,391K has allowed the trustees vision of to begin to be realised.

The trustees remain committed to providing affordable social housing to individuals with learning disabilities in the North East and Cumbria. There is a substantial need in the local community for this provision. Over the long term the ambition is to provide a legacy of a substantial property portfolio which provides valuable forever homes, linking with colleges and schools to provide the next step in the personal development of young people with learning disabilities. Post year end the charity has purchased an additional property housing 2 individuals and has an offer in the market for an additional property housing 3 individuals.

The trading subsidiary continues to raise substantial sums for charities. However it has become increasingly difficult to source donated prizes. The trustee have assessed the current and forecasted market conditions inline with the operational objective of the trading subsidiary and in September 2023 have reached the difficult decision to cease supporting the operating of the trading subsidiary. An orderly windup of the company will begin to be facilitated during 2023 with operations planned to end in January 2024. All liabilities and commitments will be honoured by the company.

The Middleton Foundation

Trustees' Report

Going concern

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period. The charity has a significant positive cash balance and is forecasting for this to continue through execution of the project plan.

Statement of Trustees' Responsibilities

The trustees (who are also the directors of The Middleton Foundation for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

The annual report was approved by the trustees of the charity on 25 October 2023 and signed on its behalf by:



P R Woolston
Trustee

The Middleton Foundation

Independent Auditor's Report to the Members of The Middleton Foundation

Opinion

We have audited the financial statements of The Middleton Foundation (the 'charity') for the year ended 31 March 2023, which comprise the Statement of Financial Activities, Balance Sheet, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 March 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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 the provisions available for small entities, in the circumstances set out in note to the financial statements, 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.

The prior year numbers were not audited.

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 were 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 annual report, other than the financial statements and our auditor's report thereon. 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.

The Middleton Foundation

Independent Auditor's Report to the Members of The Middleton Foundation

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustee report (set out on page 6), 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 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:

The Middleton Foundation

Independent Auditor's Report to the Members of The Middleton Foundation

- Enquiries with management, about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety, anti-bribery and corruption; and, compliance with both the UK Companies Act and UK Charities Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available 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 charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of
Azets Audit Services
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 13-11-2023

Azets Audit Services is a trading name of Azets Audit Services Limited

The Middleton Foundation

Statement of Financial Activities for the Year Ended 31 March 2023 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Total 2023 £	Total 2022 £
Income and Endowments from:				
Donations and legacies	3	2,615,089	2,615,089	154,128
Charitable activities	4	14,676	14,676	-
Investment income	5	38,629	38,629	59
Total Income		<u>2,668,394</u>	<u>2,668,394</u>	<u>154,187</u>
Expenditure on:				
Charitable activities	6	<u>(267,043)</u>	<u>(267,043)</u>	<u>(186,242)</u>
Total Expenditure		<u>(267,043)</u>	<u>(267,043)</u>	<u>(186,242)</u>
Net income/(expenditure)		<u>2,401,351</u>	<u>2,401,351</u>	<u>(32,055)</u>
Net movement in funds		2,401,351	2,401,351	(32,055)
Reconciliation of funds				
Total funds brought forward		<u>83,380</u>	<u>83,380</u>	<u>115,435</u>
Total funds carried forward	19	<u>2,484,731</u>	<u>2,484,731</u>	<u>83,380</u>

All of the charity's activities derive from continuing operations during the above two periods.

The Middleton Foundation

Comparative Statement of Financial Activities for the Year Ended 31 March 2022

(Including Income and Expenditure Account and Statement of Total
Recognised Gains and Losses)

	Note	Unrestricted £	Total 2022 £
Income and Endowments from:			
Donations and legacies	3	154,128	154,128
Investment income	5	59	59
Total income		<u>154,187</u>	<u>154,187</u>
Expenditure on:			
Charitable activities	6	(186,242)	(186,242)
Total expenditure		<u>(186,242)</u>	<u>(186,242)</u>
Net expenditure		<u>(32,055)</u>	<u>(32,055)</u>
Net movement in funds		(32,055)	(32,055)
Reconciliation of funds			
Total funds brought forward		<u>115,435</u>	<u>115,435</u>
Total funds carried forward	19	<u><u>83,380</u></u>	<u><u>83,380</u></u>

The Middleton Foundation

(Registration number: 10038349)
Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	396,024	-
Investments	14	<u>1</u>	<u>1</u>
		<u>396,025</u>	<u>1</u>
Current assets			
Debtors	15	772,950	92,613
Cash at bank and in hand	16	<u>1,336,223</u>	<u>13,519</u>
		2,109,173	106,132
Creditors: Amounts falling due within one year	17	<u>(20,467)</u>	<u>(22,753)</u>
Net current assets		<u>2,088,706</u>	<u>83,379</u>
Net assets		<u>2,484,731</u>	<u>83,380</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>2,484,731</u>	<u>83,380</u>
Total funds	19	<u>2,484,731</u>	<u>83,380</u>

The financial statements on pages 10 to 26 were approved by the trustees, and authorised for issue on 25 October 2023 and signed on their behalf by:



P R Woolston
Trustee

The Middleton Foundation

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash income/(expenditure)		2,401,351	(32,055)
Adjustments to cash flows from non-cash items			
Depreciation		45	-
Investment income	5	(38,629)	(59)
		2,362,767	(32,114)
Working capital adjustments			
(Increase)/decrease in debtors	15	(680,337)	28,476
(Decrease)/increase in creditors	17	(2,286)	16,136
Net cash flows from operating activities		1,680,144	12,498
Cash flows from investing activities			
Interest receivable and similar income	5	38,629	59
Donation of tangible fixed assets	13	(395,000)	-
Purchase of tangible fixed assets		(1,069)	-
Net cash flows from investing activities		(357,440)	59
Net increase in cash and cash equivalents		1,322,704	12,557
Cash and cash equivalents at 1 April		13,519	962
Cash and cash equivalents at 31 March		1,336,223	13,519

All of the cash flows are derived from continuing operations during the above two periods.

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Notes to the Financial Statements for the Year Ended 31 March 2023

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.

The address of its registered office is: 62 The Close, Quayside Lofts, Newcastle upon Tyne, NE1 3RJ.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

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). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

The Middleton Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity has strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

Exemption from preparing group accounts

The charity has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small sized group and has taken advantage of section 24.13A of the Charities SORP on the basis that the financial results of its only subsidiary are immaterial to the financial statements of the group.

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

Estimation uncertainty and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

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.

In preparing these financial statements the directors do not consider there were any significant areas of judgement that were required in applying the company's accounting policies as set out above.

Income and endowments

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

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Investment income

Interest is recognised when it is recognised on the earlier of being notified of the amount or it being receipted into the bank.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

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Notes to the Financial Statements for the Year Ended 31 March 2023

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Computer Equipment	25% straight line
Land and Buildings	over 50 years

The depreciation policy for land and buildings has been calculated on the cost of the building at a rate of 2% per annum. However, the board will not depreciate the building further once its carrying value is reduced below £395k. The board believe that the residual value of the building will not reduce below £395k, and that all ongoing repairs and maintenance charged to the SOFA during the period reflect the cost of using the building.

The value of the building was determined by an external valuation, performed prior to the building being donated to the charity. The value of the donations has been taken as deemed cost.

The property is held as a fixed asset on the basis that it aligns with the charitable objectives to provide accommodation and forever homes to its beneficiaries. As a result, all rental income received is recorded as charitable activities income.

Current asset investments

Current asset investments are included at the lower of cost and net realisable value / market value.

The investments are fixed term deposit accounts in which the maturity date of the investment is greater than 30 days after the year end.

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund structure

Unrestricted income funds are general funds and designated funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

3 Income from donations and legacies

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Donations and legacies;			
Donations	2,615,089	2,615,089	154,128
	<u>2,615,089</u>	<u>2,615,089</u>	<u>154,128</u>

All prior year income was unrestricted.

4 Income from charitable activities

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Provision of Housing	14,676	14,676	-

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

5 Investment income

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Interest receivable and similar income; Interest receivable on bank deposits	<u>38,629</u>	<u>38,629</u>	<u>59</u>

All prior year income was unrestricted.

6 Expenditure on charitable activities

	Unrestricted General £	Total 2023 £	Total 2022 £
Grant funding of activities	96,083	96,083	48,000
Housing Activities	7,606	7,606	-
Provision of support to other charities	155,368	155,368	132,464
Governance Costs	<u>7,986</u>	<u>7,986</u>	<u>5,778</u>
	<u>267,043</u>	<u>267,043</u>	<u>186,242</u>

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

7 Analysis of governance and support costs

Grant funding of activities analysis

	Unrestricted	Total 2023	Total 2022
	General £	£	£
Red Sky Foundation	35,613	35,613	1,935
New Covenant Ministries	8,615	8,615	-
Cancer Research UK	6,637	6,637	-
Dragonfly Cancer Trust	3,814	3,814	1,000
Tiny Lives Trust	3,572	3,572	-
Charlie Gard Foundation	3,003	3,003	12,411
Newcastle Cat & Dog Shelter	2,500	2,500	-
Feeding families	2,500	2,500	-
Children's Hospices Across Scotland	2,230	2,230	2,951
Edinburgh Cat & Dog home	2,274	2,274	-
Action for A-T	2,195	2,195	-
Yorkshire Cat Rescue	2,149	2,149	-
Scottish Cot Death Trust	2,064	2,064	-
Scottish Association for Mental Health	2,000	2,000	-
The Childrens Adventure Farm Trust	1,037	1,037	-
Children in Need	1,040	1,040	-
Ukraine Appeal	1,000	1,000	5,000
Children of Choba	1,000	1,000	-
Changing lives	1,000	1,000	-
Theatre Royal Newcastle	-	-	2,238
Norahs North Pole	-	-	1,539
Mind Association	-	-	1,431
NE Homeless	-	-	1,271
North East Air Ambulance	-	-	1,000
Other donations (less than £1,000)	11,840	11,840	17,224
	<u>96,083</u>	<u>96,083</u>	<u>48,000</u>

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

Provision of support to other charities

	Support costs £	Total 2023 £	Total 2022 £
Wages and salaries	98,613	98,613	91,822
Insurance	900	900	1,219
Telephone	568	568	-
Computer software and maintenance	21,364	21,364	12,923
Printing, postage and stationery	67	67	-
Sundry expenses	-	-	1,574
Travel and subsistence	3,521	3,521	3,711
Marketing and PR	16,360	16,360	13,085
Accountancy fees	8,613	8,613	7,920
Depreciation	45	45	-
Bank charges	281	281	210
Legal Fees	649	649	-
Staff training	4,215	4,215	-
Foreign exchange loss	172	172	-
	<u>155,368</u>	<u>155,368</u>	<u>132,464</u>

Governance costs

	Unrestricted General £	Total 2023 £	Total 2022 £
Audit fees			
Audit of the financial statements	7,200	7,200	-
Other fees paid to auditors	660	660	-
Independent examiner fees			
Examination of the financial statements	-	-	3,300
Legal fees	126	126	2,478
	<u>7,986</u>	<u>7,986</u>	<u>5,778</u>

8 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

P R Woolston

£259 (2022: £Nil) of expenses were reimbursed to P R Woolston during the year.

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any other benefits from the charity during the year.

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

9 Staff costs

The aggregate payroll costs were as follows:

	2023 £	2022 £
Staff costs during the year were:		
Wages and salaries	92,309	87,970
Social security costs	4,364	1,954
Pension costs	2,349	1,898
	<u>99,022</u>	<u>91,822</u>

The monthly average number of persons (including senior management team) employed by the charity during the year was as follows:

	2023 No	2022 No
Management	1	1
Support	2	2
	<u>3</u>	<u>3</u>

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the charity were £42,728 (2022 - £29,902).

10 Independent examiner's remuneration

	2023 £	2022 £
Examination of the financial statements	-	3,300

11 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	7,200	-
Other fees to auditors		
Taxation compliance services	660	-

12 Taxation

The charity is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

13 Tangible fixed assets

	Land and buildings £	Computer equipment £	Total £
Cost			
Additions	395,000	1,069	396,069
At 31 March 2023	395,000	1,069	396,069
Depreciation			
Charge for the year	-	45	45
At 31 March 2023	-	45	45
Net book value			
At 31 March 2023	395,000	1,024	396,024

Included within the net book value of land and buildings above is £395,000 (2022 - £Nil) in respect of freehold land and buildings and £Nil (2022 - £Nil) in respect of leaseholds.

During the year ended 31 March 2023, the Charity was donated a property, 116 Wigton Road, Carlisle which will be used as a rental property as part of the Molly Project. The property was valued on 22 July 2022 at a value of £395,000 for the purpose of being donated to the charity by Vickers and Barrass Chartered Surveyors. The value of the donation has been taken as deemed cost.

The property is held as a fixed asset on the basis that it aligns with the charitable objectives to provide accommodation and Forever Homes to its beneficiaries. As a result all rental income received is recorded as charitable activities income.

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

14 Fixed asset investments

	2023 £	2022 £
Shares in group undertakings and participating interests	<u>1</u>	<u>1</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 April 2022	<u>1</u>	<u>1</u>
At 31 March 2023	<u>1</u>	<u>1</u>
Net book value		
At 31 March 2023	<u>1</u>	<u>1</u>
At 31 March 2022	<u>1</u>	<u>1</u>

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

Details of undertakings

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2023	2022

Subsidiary undertakings

Charity Escapes Trading Company Limited	England and Wales	100%	100%	100%
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Subsidiaries

The profit for the financial period of Charity Escapes Trading Company Limited was £35,564 (2022 - £35,881) and the aggregate amount of capital and reserves at the end of the period was £(50,047) (2022 - £(85,611)).

The Charity has taken the exemption of preparing group accounts on the basis that the subsidiary, Charity Escapes Trading Company Limited's results are immaterial to the group.

15 Debtors

	2023 £	2022 £
Trade debtors	2,006	-
Due from group undertakings	48,593	86,438
Prepayments	7,030	6,175
Accrued income	9,647	-
Other debtors	705,674	-
	<u>772,950</u>	<u>92,613</u>

Amounts due from group undertakings are repayable on demand.

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

16 Cash and cash equivalents

	2023 £	2022 £
Cash at bank	666,570	13,519
Short-term deposits and liquid investments	669,653	-
	<u>1,336,223</u>	<u>13,519</u>

17 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	5,087	4,636
Other taxation and social security	2,240	2,196
Other creditors	411	387
Accruals and deferred income	12,729	15,534
	<u>20,467</u>	<u>22,753</u>

18 Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £2,349 (2022 - £1,898). Contributions totalling £411 (2022: £387) were payable to the scheme at the end of the year.

19 Funds

	Balance at 1 April 2022 £	Incoming resources £	Resources expended £	Balance at 31 March 2023 £
Unrestricted funds				
<i>General</i>				
Unrestricted funds	83,380	223,889	(251,578)	55,691
<i>Designated</i>				
Molly Project	-	2,444,505	(15,465)	2,429,040
Total funds	<u>83,380</u>	<u>2,668,394</u>	<u>(267,043)</u>	<u>2,484,731</u>

The Middleton Foundation

Notes to the Financial Statements for the Year Ended 31 March 2023

20 Analysis of net assets between funds

	Unrestricted		Total funds
	General	Designated	
	£	£	£
Tangible fixed assets	1,024	395,000	396,024
Fixed asset investments	1	-	1
Net current assets/(liabilities)	54,666	2,034,040	2,088,706
Total net assets	55,691	2,429,040	2,484,731

	Unrestricted		Total funds at 31 March 2022
	General	Designated	
	£	£	£
Fixed asset investments	1	-	1
Net current assets/(liabilities)	83,379	-	83,379
Total net assets	83,380	-	83,380

21 Analysis of net funds

	At 1 April 2022	Financing cash flows	At 31 March 2023
	£	£	£
Cash at bank and in hand	13,519	968,699	982,218
Net cash	13,519	968,699	982,218

	At 1 April 2021	Financing cash flows	At 31 March 2022
	£	£	£
Cash at bank and in hand	962	12,557	13,519
Net cash	962	12,557	13,519

22 Related party transactions

A balance of £48,593 (2022: £86,438) was owed by the charity's subsidiary Charity Escapes Trading Company Limited at the year end. Advances were made to the charity's subsidiary totalling £Nil. Repayments were received from the charity's subsidiary totalling £37,844. The amount is repayable on demand.

During the year donations of £2,536,700 (2022: £85,000) were received from Jeremy and Catherine Middleton, the founders of The Middleton Foundation. An element of the donation was in the form of gifting a property which had a value at the point of gifting of £395,000.

A balance of £705,674 (2022: £Nil) was owed by Middleton Enterprises Limited, a entity in which there is common control in which trustees of the charity are also directors of the company.