

HEDLEY FOUNDATION LIMITED

A Company Limited by Guarantee

Registered Charity Number: 262933

Registered Company Number: 01018571

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2021

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Trustees	A C Ford (Chairman) P R Holcroft L B Stuttford A E Fanshawe D W Byam-Cook C A G Bennett A J Scully
Company Secretary	M C Kitto
Registered Office	1 College Hill London EC4R 2RA
Bankers	Royal Bank of Scotland London Service Centre 4th Floor Regents House 42 Islington High Street London N1 8XL
Independent Auditor	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD
Investment Managers	Waverton Investment Management Limited 16 Babmaes Street London SW1Y 6AH
Solicitors	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Company Registration Number	01018571
Charity Registration Number	262933

The Trustees, who are also the Directors of Hedley Foundation Limited (the Foundation), have pleasure in presenting their Report together with the Financial Statements for the year ended 31 March 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" ("FRS 102 SORP") in preparing the Annual Report and Financial Statements of the Charity.

Trustees of the Charity

The Directors of the Charitable Company are its Trustees for the purposes of charity law. The Trustees who have served during the year and since the year end are listed on page 1.

Objectives and Activities

The Foundation was established for exclusively charitable purposes. The Foundation manages its assets including its Subsidiary Companies, which together with the Foundation comprise the Group, in order to make grants to UK registered charities out of the Group's income.

The Hedley Foundation aims to improve the quality of life of people in the United Kingdom, particularly those from disadvantaged backgrounds. It achieves this by making grants, within budget, to United Kingdom registered charities for the benefit of young people, disabled people, elderly people, the terminally ill and otherwise disadvantaged people and their carers.

The Trustees award grants to those charities (never individuals) that are able to demonstrate quantifiable outcomes to beneficiaries. The Foundation tends not to give money to very large scale or national charities nor to support bids for salaries, buildings or IT. Typically, sums of £3K - £5K are regularly given with occasional larger sums granted to charities where high impact can be achieved. Most grants are one-off payments, but multi-year grants may be selectively awarded and in these cases are subject to annual review. Further applications from the same organisation would not normally be considered for a period of two years from the date of the grant. Acknowledgements are expected from the recipient charities and follow-up visits by Trustees occur periodically.

The Hedley Foundation maintains a small office of part time staff who are capable of managing and reporting all aspects of its activities. The Hedley Foundation's income and thus its ability to support other charities is derived from a professionally managed investment portfolio with Waverton Investment Management, an investment with the Charities Property Fund and from rents generated from a number of retail shops, which are let and managed with the aid of professional advisers. Applications for grants are submitted to the Foundation's Office and these are periodically considered at a Trustees' Sift Board, which makes recommendations for payments to the Main Board of Trustees, which convenes a fortnight later.

Social welfare lies at the heart of The Hedley Foundation's activities and for convenience the following categories are used:

- Youth. Projects which raise the aspirations or help to realise the full potential of disadvantaged young people. Typically, grants are given to support young people into education, training or sustainable employment. Providing an opportunity to broaden horizons through sport and adventurous activities may form part of this category.
- Disabled. Projects to support and improve the quality of life of people of all ages with physical and mental disabilities, sensory impairment and learning difficulties.
- Elderly/Terminally Ill. Projects to help elderly people to maintain independence and projects to support those in the closing stage of life, in hospices or hospitals.
- Miscellaneous Support. Projects to support carers and social welfare projects that might support the homeless, the employability opportunities for offenders and ex-offenders and the opportunity to reduce re-offending. A major theme for support, presently, is to help keep young people out of the Criminal Justice System.

Details of how to apply for a grant are available on the Foundation's website at www.hedleyfoundation.org.uk

Applicants submit a detailed application form, stating clearly the sum they seek and articulating precisely how they would wish to use any grant made. They also are asked to provide their latest audited Accounts.

At least two of the Trustees then assess the bid at a Sift Board and make recommendations to the Main Board of Trustees. The Foundation encourages successful applicants to give feedback and future relationships may be developed. Follow-up visits are occasionally made to see the effect that a grant will have made but clearly the Foundation does not have the resources to carry out detailed analysis of the success of all grants made; the Trustees are generally satisfied that grants are being well used. The Foundation requires the recipient to send a letter of acknowledgement, together with a formal receipt, after the making of any grant.

Grants were made during the year to 73 charities (2020 - 273) totalling £179,092 (2020 - £678,397). Mindful of the economic uncertainty being caused by the effects of Covid-19 and in particular the likely impact that they would have on our tenants' ability to pay rents, the Trustees downwardly adjusted the grants budget that had been previously set at £700k. Grants were paused for the first two quarters, resuming in October, as the economic situation became clearer. Greater focus then was given to making donations where possible to smaller charities where funding had dried up. Approximately 30% of The Hedley Foundation's revised grants budget was given to 30 charities that were being heavily impacted by the effects of Covid-19.

Public Benefit

The objectives and activities as listed above are undertaken to further the Foundation's purpose for public benefit. The Trustees confirm that they have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Foundation.

Structure, Governance and Management

The Foundation was incorporated on 23 July 1971 as a company limited by guarantee and is a registered charity. It is governed by its Memorandum and Articles of Association. The Foundation has no share capital but each member undertakes, in the event of winding up, to contribute up to £1 towards the cost of winding up. At 31 March 2021, there were 7 members of the Foundation, who are also the Trustees and the Directors of the Charitable Company. New Trustees are appointed by the existing Trustees.

The Trustees met formally on four occasions during the year to review the progress of the Foundation's investment policy and its financial state and to conduct Board Meetings of the Subsidiary Companies of which they are Directors. Applications for grants received by the Foundation and decisions on the application of the money available are administered by a separate 'Sift' Board, incorporating an element of rotating membership, which meets prior to each full meeting of all the Trustees.

Trustees have occasionally visited charities to which the Foundation might make or has made grants.

Recommendations for pay and remuneration are made to a sub Committee of the Trustees and Directors of the Subsidiary Companies (see below). The sub Committee then makes its own recommendations to the full Board of The Foundation which makes the final decision. Recommendations for pay and remuneration take into consideration many benchmarks including the remuneration levels paid by similar Third Sector organisations and the CPI.

Review of the Business and Future Developments

The results for the year are set out on page 10 of the Financial Statements. The net movement in funds for the year amounted to a movement of £4,314,123 compared to a movement of (£1,784,941) in the prior year.

The following Companies are wholly owned subsidiaries of the Foundation:

Company

Fairhood Properties Limited
Merewood Properties Limited
Mountbarrow Properties Limited
Middlerigg Nominees Limited
Middlerigg Services Limited

Principal Activity

Management of investment properties
Management of investment properties
Management of investment properties
Nominee company
Management services company

The Management Company and the Property Companies transfer 100% of their taxable profits to the Foundation under the Gift Aid arrangements.

The results of the above Companies have been consolidated in the Statement of Financial Activities and Balance Sheet of the Foundation in accordance with the Charities' Statement of Recommended Practice (SORP), Accounting and Reporting by Charities as updated in October 2019. The Trustees consider the results of the investment property companies and management services company to be satisfactory.

Financial instruments

The Foundation does not receive any public or government funding and relies entirely upon its invested assets to provide funding for the making of grants. However, during the pandemic, the Foundation was successful in receiving a £10k City of London grant to assist with its general ongoing business costs. In order to minimise the investment risk, the Trustees have diversified the range of investments to include UK and global equities, government stocks, retail property and units within the Charities Property Fund.

Reserves Policy

The Foundation has total funds of £39,118,098 at 31 March 2021 all of which are unrestricted. Of these total funds, £39,093,514 could only be realised by disposing of fixed assets (£7,055,000 investment properties, £27,347,916 listed investments and £4,690,598 investment in subsidiaries).

Unrestricted free reserves at the consolidated level at 31 March 2021 are £2,125,180. The Trustees consider the appropriate target level of consolidated free reserves to be twelve months operating expenditure. The current level of consolidated free reserves at 31 March 2021 is in line with this target, representing 21 months of operating and grant-making expenditure.

Investment Policy

The policy of the Foundation is to combine security with higher than average income by investment, partly in let retail property and partly in a managed portfolio of investments.

In respect of the managed portfolio, the current annual yield is 2.02% (2020 - 2.4%).

In respect of the retail property portfolio, the current annual yield is 7% (2020 - 7%).

In respect of the Charities Property Fund, the current annual yield is 3.78% after costs (2020 - 1.58%)

The rental income derived from the retail properties and the dividends are utilised, after expenses, for the Foundation's grant-making process.

Risk Management

The Trustees have examined the major strategic, business and operational risks which the Foundation faces and confirm that systems have been established to mitigate the Foundation's exposure to such risks. The annual cost base for the Foundation is relatively low, with more than twelve month's running costs available.

The Trustees consider that a significant fall in the value of the stock market, and the failure of tenants to pay their rents, are the key risks which could affect the future ability of The Foundation to make grants. Due to the unprecedented effect of Covid-19 at the end of March 2020 with the closure of all high street shops and retail outlets, the Trustees decided to take a cautious view and withheld the making of grants in the first two quarters of the year and to carefully monitor the situation going forward.

Subsequently, in light of the improving economic situation and the increasing demand for charitable support, the Trustees resumed the making of donations and therefore a total of £179k was granted across the final two quarters of the year.

Third Party Indemnity Provisions

The Foundation has purchased professional indemnity insurance on behalf of the Trustees. The premium paid for the insurance was £448 (2020 - £448).

Trustees' Responsibilities

The Statement of Trustees' Responsibilities can be found on page 6.

Audit Information

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Charity's auditor is unaware; and each Trustee has taken all reasonable steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Our independent auditor, PKF Littlejohn LLP, has signified its willingness to continue in office.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Mary Kitto', with a stylized flourish at the end.

M C Kitto
Company Secretary

27 October 2021

The Trustees (who are also Directors of the Foundation for the purpose of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting standards (UK Generally Accepted Accounting Practice).

Company and Charity law requires the Trustees to prepare Financial Statements for each financial year. Under that law the Trustees have prepared the Financial Statements in accordance with the Charities' Statement of Recommended Practice, Accounting and Reporting by Charities issued in July 2015 and United Kingdom Financial Reporting and Accounting Standards. Under company and charity 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 the surplus or deficit of the Charitable Company 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 of the Charities' SORP, Accounting and Reporting by Charities;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including SORP FRS 102 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that the Charitable Company will be able to continue in operation.

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 and Charities Act 2011. 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.

Independent Auditor's Report to the Members and Trustees of Hedley Foundation Limited**Opinion**

We have audited the financial statements of The Hedley Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise which comprise the Consolidated Statement of Financial Activities (including Income and Expenditure Account), the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent charitable company's affairs as at 31 March 2021, and of the group's 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 and the Charities Act 2011.

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's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company'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 other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within 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 the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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; or
- the trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group and parent charitable company 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 group and parent charitable company financial statements, the trustees are responsible for assessing the group and parent charitable company'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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts and relevant regulations made or having effect thereunder.

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:

- We obtained an understanding of the group and parent charitable company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.

- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from the Charities Act 2011, Companies Act 2006, Financial Reporting Standard 102, and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the valuation of investment properties. We addressed this through review of the valuation reports prepared by management's expert, testing the accuracy and completeness of inputs to their calculation, and challenging any assumptions applied in the valuations for example by agreement to third party metrics.
- We also identified potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- We also identified potential for management bias in the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- We also identified potential for management bias in the timing of recognition of rental income. We addressed this through detailed review of signed rental agreements, forming an expectation of the level of income to be recognised in the financial year, and comparison to actual.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.


Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and 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 the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.


Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date:


PKF Littlejohn LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

		Unrestricted Funds	
	Note	2021	2020
		£	£
Income from:			
Income from investment properties	1	389,725	537,145
Income from Investment portfolios	2	552,390	505,072
Other trading activities - subsidiary companies	24	150,526	238,395
Other Income		42,415	60,848
		<hr/>	<hr/>
Total Income		1,135,056	1,341,460
		<hr/>	<hr/>
Expenditure on:			
Raising funds	3	314,373	365,591
Charitable activities	4	243,098	756,570
Other - on charitable trading	24	98,978	91,508
		<hr/>	<hr/>
Total Expenditure		656,449	1,213,669
		<hr/>	<hr/>
Net income / (expenditure)		478,607	127,791
		<hr/>	<hr/>
Net realised and unrealised gains / (loss) on investment assets	13b	4,405,516	(1,059,335)
Unrealised losses on revaluation of investment properties		(570,000)	(2,304,964)
Realised gain on sale of investment property		-	1,451,567
		<hr/>	<hr/>
Net Movement in Funds		4,314,123	(1,784,941)
		<hr/>	<hr/>
Fund balances brought forward		34,803,975	36,588,916
		<hr/>	<hr/>
Fund balances carried forward		39,118,098	34,803,975
		<hr/>	<hr/>

All of the above results are derived from continuing activities. The Company and its subsidiaries have no gains and losses other than those shown above.

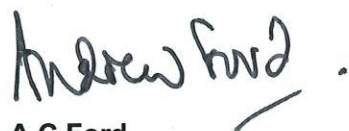
In accordance with the provisions of the Companies Act 2006, a separate Income and Expenditure Account dealing with the results of the Foundation only has not been presented.

The Accounting Policies and Notes on pages 13 to 28 form part of these Financial Statements.

	Note	Consolidated		Company	
		2021	2020	2021	2020
		£	£	£	£
Fixed Assets					
Investment properties	12	9,645,000	10,215,000	7,055,000	7,625,000
Investments	13	27,347,916	22,487,032	32,038,514	27,188,016
		<hr/>	<hr/>	<hr/>	<hr/>
		36,992,916	32,702,032	39,093,514	34,813,016
		<hr/>	<hr/>	<hr/>	<hr/>
Current Assets					
Debtors	14	272,746	184,779	449,283	502,913
Cash at bank and in hand	15	2,117,140	2,075,851	2,050,632	2,072,488
		<hr/>	<hr/>	<hr/>	<hr/>
		2,389,886	2,260,630	2,499,915	2,575,401
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors: amounts falling due within one year	16	(264,704)	(158,687)	(2,475,331)	(2,584,442)
		<hr/>	<hr/>	<hr/>	<hr/>
Net Current Assets/ (Liabilities)		2,125,182	2,101,943	24,584	(9,041)
		<hr/>	<hr/>	<hr/>	<hr/>
Net Assets		39,118,098	34,803,975	39,118,098	34,803,975
		<hr/>	<hr/>	<hr/>	<hr/>
General Funds					
Charitable funds		34,427,500	30,102,991	34,427,500	30,102,991
Non-charitable investment/trading company funds		4,690,598	4,700,984	4,690,598	4,700,984
		<hr/>	<hr/>	<hr/>	<hr/>
Total Funds	18	39,118,098	34,803,975	39,118,098	34,803,975
		<hr/>	<hr/>	<hr/>	<hr/>

These Financial Statements were approved and authorised for issue by the Board of Trustees on 27 October 2021.

Signed on behalf of the Board of Trustees



A C Ford
Chairman



A E Fanshawe
Trustee

The Accounting Policies and Notes on pages 13 to 28 form part of these Financial Statements.

HEDLEY FOUNDATION LIMITED
CONSOLIDATED CASHFLOW STATEMENT
Year ended 31 March 2021

	Note	2021 £	£	2020 £	£
Cash (outflow) / inflow from operating activities	20	496,654		(45,804)	
Net cash flow used in operating activities		<u>496,654</u>		<u>(45,804)</u>	
Cash flow from investing activities					
Payments to acquire investment property		-	(19,122)		
Receipts from sales of investment property		-	3,000,000		
Payments from sale of property		-	(48,433)		
Payments to acquire investments	(6,163,597)		(12,111,296)		
Receipts from sales of investments	5,708,232		9,246,377		
Net cash flow provided by investing Activities		<u>(455,365)</u>		<u>67,526</u>	
Change in cash and cash equivalents in the year					21,722
Cash and cash equivalents at 1 April 2020		2,075,851		2,054,129	
Cash and cash equivalents at 31 March 2021		<u>2,117,140</u>		<u>2,075,851</u>	
Cash and cash equivalents consist of:					
Current accounts		76,627		65,640	
Deposit accounts		1,543,113		443,694	
Cash at Investment Managers		497,400		1,566,517	
Cash and cash equivalents at 31 March 2021		<u>2,117,140</u>		<u>2,075,851</u>	

The Accounting Policies and Notes on pages 13 to 28 form part of these Financial Statements.

General information and basis of preparation

The Hedley Foundation is a Charitable Company limited by Guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are charitable grant giving to UK registered charities.

The Charity constitutes a public benefit entity as defined by FRS 102. 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) from 1 January 2019 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019. The Financial Statements have been prepared under the historical cost convention, with the exception of investments, which are included on a market value basis and investment properties, which are included on the basis of annual valuations.

The Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The Financial Statements are prepared in sterling which is the functional currency of the Charity.

The significant accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going Concern

It is the opinion of the Trustees that the use of the going concern basis of accounting is appropriate. However due to the unprecedented effects of Covid-19 and the effect it had on the rental income from the commercial properties, the Trustees continually reviewed the situation. At the time of writing this Report, the Trustees are confident that there is reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. As at 31 March 2021, both the investment portfolio and the holding in the Charities Property Fund decreased in value, as a consequence of the uncertainty surrounding Covid-19. Since then, the investment portfolio has recovered to pre-Covid-19 levels and continues to perform well. The Charities Property Fund continues to make dividend payments. With regard to the property portfolio, the political decision to close the High Street in March 2020 impacted on rental income. In the year ending 31 March 2021, the rental income received was £389k; in light of this, the Trustees decided to reduce the level of grants being made. However, at the time of writing, the Trustees are pleased to report that all of the Group's retail properties are occupied and trading, and it is anticipated that rental income will be approximately £700k in this financial year, thus giving comfort that grants can be maintained. The Trustees of The Hedley Foundation are content that the Group remains a going concern.

Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of The Hedley Foundation Limited and its subsidiary undertakings.

Fund Accounting

General funds, all of which are unrestricted, are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

Income Recognition

All income and expenditure is shown in the Statement of Financial Activities (SOFA).

Charitable Activities

The Foundation has a portfolio of investment properties generating rental income which is accounted for on a receivable basis.

Investment Income

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income is recognised when receivable and dividend and rent income is recognised as the Foundation's right to receive payment is established.

Other Trading Activities - Subsidiary Companies

Income from trading activities includes income earned from trading activities undertaken by subsidiary companies to raise funds for the Charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred. The gross income of the subsidiaries is shown in the consolidated SOFA.

Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes the direct costs of managing the listed investment portfolio;
- Expenditure on charitable activities includes direct expenditure on grant-making activities and support costs which are allocated on a basis consistent with the use of resources; and
- Non-charitable trading and investment property expenses includes the costs of the subsidiary companies which are incurred in relation to these activities.

Grants payable to third parties are included in expenditure on charitable activities. Where unconditional grants are made, these amounts are recognised when a constructive obligation is created, typically when the recipient is notified that a grant will be made to them. Where grants are conditional on performance, then the grant is only recognised once any unfulfilled conditions are outside of the control of the charity.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs and governance costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Premises costs have been allocated on a business to charity staff time allocation basis. This had been reviewed in September 2016 and subsequently approved by the Trustees.

The analysis of these costs is included in note 5.

Operating Leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Investment Properties

Investment properties are measured at fair value at each balance sheet date, with changes in fair value recognised in 'net gains / (losses) on investments' in the SOFA.

Surpluses and deficits arising on revaluation are taken to revaluation reserves within the Foundation's subsidiary companies (with the movement reflected in the statement of total recognised gains and losses), and to the SOFA on consolidation.

Sales and purchases of investment properties are recognised at the date of exchange, where this is not subject to conditions, as the equitable interest has passed from the vendor to the purchaser at this date. If a contract is conditional, credit for a sale is taken when the last material condition has been satisfied.

Investments**Subsidiary Companies**

Investments in Subsidiary Companies are valued annually at the attributable amount of the subsidiaries' net assets at the Balance Sheet date. This is considered by the Trustees to be a fair assessment of their fair value.

Publicly Traded Investments

Publicly traded investments are measured at fair value at each balance sheet date, with changes in fair value recognised in 'net gains / (losses) on investments' in the SOFA.

Taxation

The Foundation is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes.

The Foundation is registered for VAT; irrecoverable VAT (where applicable) is included with the expenditure to which it relates. The Subsidiaries of the Foundation are liable to Corporation Tax on any taxable income not covenanted or transferred by Gift Aid to the Foundation.

Grants

Grants authorised in the period are charged to the SOFA. Any grants authorised but unpaid at the Balance Sheet date are included in creditors. Grants covering more than one period are charged to the SOFA as the money is released and is conditional on receipt of satisfactory progress reports.

Pension Costs

The Foundation operates a pension scheme. Payments made are charged against income in the period in which they are paid.

Judgments in applying accounting policies and key sources of estimation uncertainty

The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Judgments in applying accounting policies and key sources of estimation uncertainty (continued)**(i) Impairment of debtors**

The Foundation makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

(ii) Valuation of investment properties

The Foundation makes an estimate of the fair value of investment properties. When assessing the fair value, the Board seeks the help of an expert in this area and considers, amongst other things the expected rental yields, the length of the term of the lease, the valuation of other properties in the immediate vicinity and the condition of the building.

1. Income from Investment Properties	Company 2021 £	Company 2020 £
Rental Income	389,725	537,145
	<hr/>	<hr/>
2. Income from Investments	Group 2021 £	Group 2020 £
Income from Managed Portfolio	328,826	394,668
Interest	572	15,563
Other investment income	222,992	94,841
	<hr/>	<hr/>
	552,390	505,072
	<hr/>	<hr/>

Other investment income relates to income from investments held in managed funds outside of the main investment portfolio.

3. Expenditure on Raising Funds	Group 2021 £	Group 2020 £
Management of investment properties	156,706	191,390
Investment management fees	157,667	174,201
	<hr/>	<hr/>
	314,373	365,591
	<hr/>	<hr/>

4. Analysis of Expenditure on Charitable Activities	Staff £	Direct costs £	Support costs £	Group 2021 Total £	Group 2020 Total £
Grant making	21,068	179,091	42,939	243,098	756,570
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

5. Support Costs	Basis of Allocation	Investment Properties £	Grant Making £	Total 2021 £	Total 2020 £
Governance costs (note 6)	71%-29%	33,370	13,630	47,000	93,357
Office costs	71%-29%	12,171	4,971	17,142	20,850
Premises	71%-29%	59,585	24,337	83,922	79,520
		<hr/>	<hr/>	<hr/>	<hr/>
		105,126	42,938	148,064	193,727
		<hr/>	<hr/>	<hr/>	<hr/>

6. Governance Costs

	Group 2021 £	Group 2020 £
Business Rates	4,420	4,335
Insurance	1,815	1,915
Accountancy Fees	8,145	8,686
Professional Fees	31,395	76,981
Bank Charges	1,225	1,440
	<hr/>	<hr/>
	47,000	93,357
	<hr/>	<hr/>

7. Analysis of Grants

	Grants to Institutions £	Grants to Individuals £	Total 2021 £	Total 2020 £
Youth category grants (Y)	60,791	-	60,791	276,916
The Disabled category grants (D)	76,184	-	76,184	225,562
The Terminally ill and Hospices (ETH)	29,128	-	29,128	72,151
Other category grants (O)	12,989	-	12,989	103,768
	<hr/>	<hr/>	<hr/>	<hr/>
	179,092	-	179,092	678,397
	<hr/>	<hr/>	<hr/>	<hr/>

Recipients of Grants	Grant Making £	Total 2021 £	Total 2020 £
Young Musicians Symphony Orchestra (Y)	-	-	15,000
United World Colleges (Y)	-	-	10,000
Other grants payable	179,092	179,092	653,397
	<hr/>	<hr/>	<hr/>
Total grants payable	179,092	179,092	678,397
	<hr/>	<hr/>	<hr/>

Others grants payable includes grants payable to UK registered charities which are each under £10,000.

8. Net Incoming / (Outgoing) Resources are stated after Charging:	Group 2021 £	Group 2020 £
Auditors' remuneration - audit	18,950	18,580
- other services	4,920	4,820
Operating leases - land and buildings	61,843	61,479
- other	838	838
Loss on fair value movement of investment property	(570,000)	(2,304,964)
(Loss) / gain on fair value movement of investment portfolio	4,405,516	(1,059,335)

9. Auditor's Remuneration

Auditor's remuneration amounts to an audit fee of £18,950 (2020 - £18,580) and fees payable for iXBRL tagging, corporation tax compliance and VAT Compliance in relation to the Subsidiary Companies of £4,920 (2020 - £4,820).

10. Staff Costs	2021 £	2020 £
Wages and salaries	136,954	138,879
Social security costs	6,383	7,946
Pension costs - employer's pension	1,419	1,468
	<hr/>	<hr/>
	144,756	148,293
	<hr/>	<hr/>

The average number of employees during the year, excluding Trustees, was 3 (2020 - 3). This equates to a full time equivalent number of 2 (2020 - 2).

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

	2021 Number	2020 Number
£60,001 - £70,000	-	-
	<hr/>	<hr/>

11. Trustees' and Key Management Personnel Remuneration and Expenses

	2021 Number	2020 Number
The number of Company Directors in receipt of emoluments	1	1

Payment of emoluments by the Subsidiary Companies to named Directors (who are also Trustees of the Foundation) is made in relation to management and professional services provided to these Companies.

Sir Andrew Ford is a Company Director of Fairhood Properties Limited for which he is paid a salary of £22,500 and Middlerigg Services Limited for which he is paid a salary of £12,000 and Mountbarrow Properties Limited for which he is paid a salary of £25,500 per annum. Payments are approved under Charity Commission Order 462/98 sealed on 21 December 1998.

The following Trustees' expenses were reimbursed or paid directly on their behalf during the year:

	2021 Number	2020 Number	2021 £	2020 £
Travel	-	7	-	706

The total amount of employee benefits received by key management personnel during the year was £70,623 (2020 - £70,795). The Trust considers its key management personnel to comprise of:

Mary Kitto: Company Secretary
Lucy Janes: Appeals Secretary
Christine Janes: Financial Accountant

12. Investment Properties

Valuation	Group freehold land and buildings 2021 £	Group freehold land and buildings 2020 £	Company freehold land and buildings 2021 £	Company freehold land and buildings 2020 £
At beginning of year	10,215,000	14,000,840	7,625,000	10,800,840
Additions at cost	-	-	-	-
Disposal in year	-	(1,500,000)	-	(1,500,000)
Capitalised Improvements	-	19,122	-	19,122
(Loss) on revaluation	(570,000)	(2,304,962)	(570,000)	(1,694,962)
At end of year	9,645,000	10,215,000	7,055,000	7,625,000

The investment properties had an original cost of £11,750,188 (2020 - £11,750,188) (Group), and £9,625,263 (2020 - £9,625,263) (Company). The fair value of investment properties is determined by independent, professional valuation at 31 March 2021. The valuation was undertaken by Clive Thomas of Clive Thomas & Co Chartered Surveyors, in conjunction with Robin Hanson of Brackenridge Hanson Tate, Chartered Surveyors and Property Consultants. Both Messrs Thomas and Hanson are Fellows of the Royal Institute of Chartered Surveyors. The exercise was carried out on a "desk top" valuation basis, which takes into consideration the location, the valuation of other properties in the immediate vicinity of the building, the condition of the building and the expected rental yields. Valuations are undertaken annually.

13. Fixed Asset Investments

	2021 £ Group	2020 £	2021 £ Company	2020 £
Investment in subsidiary undertakings	-	-	4,690,598	4,700,984
Listed investments	27,347,916	22,487,032	27,347,916	22,487,032
	27,347,916	22,487,032	32,038,514	27,188,016

Details of the subsidiary undertakings can be found in Note 24.

13a. Fixed Asset Investments

Company
£

Investment in Subsidiary Undertakings

Valuation at beginning of year	4,700,984
Movement in year	(10,386)
	<hr/>
Valuation at end of year	4,690,598
	<hr/>

These Financial Statements incorporate the results of all the Foundation's subsidiaries, which are listed in Note 23. All the subsidiaries are incorporated in England & Wales and are wholly owned at 31 March 2021.

13b. Fixed Asset Investments

	2021 £	2021 £	2020 £	2020 £
Listed Investments	Group and Company		Group and Company	
Market value at beginning of year		22,487,035		20,681,448
Additions at cost		6,163,597		12,111,296
Disposal proceeds		(5,708,232)		(9,246,377)
Net investment gains				
- unrealised gains / (losses) on revaluation	3,209,352		(2,396,656)	
- realised gains on disposal	1,196,164		1,337,321	
	<hr/>		<hr/>	
		4,405,516		(1,059,335)
		<hr/>		<hr/>
Market value at end of year		27,347,916		22,487,032
		<hr/>		<hr/>
Listed Investments			2021 £	2020 £
UK equity shares			8,974,255	2,766,202
Overseas equities			18,373,661	19,720,830
			<hr/>	<hr/>
Market value of listed investments			27,347,916	22,487,032
			<hr/>	<hr/>

The fair value of listed investments is determined by reference to the quoted price for identical assets in an active market at the balance sheet date. The Charities Property Fund market value of £5,898,935 is 21.57% of the total investments.

14. Debtors	2021 £	2020 £	2021 £	2020 £
	Group		Company	
Amounts owed by subsidiary undertakings				
- deeds of covenant/gift aid	-	-	58,706	139,888
Amounts owed by subsidiary undertakings				
- other	-	-	205,840	205,623
Prepayments and accrued income	272,746	184,779	184,737	157,402
	<u>272,746</u>	<u>184,779</u>	<u>449,283</u>	<u>502,913</u>

15. Cash at Bank and in Hand

Deposit accounts	1,263,695	443,694	1,263,695	443,694
Current accounts	356,045	65,640	289,537	62,277
Cash at Investment Managers	497,400	1,566,517	497,400	1,566,517
	<u>2,117,140</u>	<u>2,075,851</u>	<u>2,050,632</u>	<u>2,072,488</u>

16. Creditors: amounts falling due within one year

Amounts owed to subsidiary undertakings	-	-	2,298,000	2,448,356
Taxation and social security costs	-	731	-	432
Accruals and deferred income (see note 17)	84,692	99,969	70,595	77,668
Other creditors	180,012	57,986	106,736	57,986
	<u>264,704</u>	<u>158,686</u>	<u>2,475,331</u>	<u>2,584,442</u>

The amounts owed to subsidiary undertakings are unsecured and repayable on demand. Interest is charged at the same rate of interest as that received by the Foundation for funds held in COIF.

17. Deferred Income

	2021 £	2020 £	2021 £	2020 £
	Group		Company	
At 1 April 2020	41,980	96,962	23,269	78,250
Additions during the year	47,110	245,317	35,569	199,154
Amounts released	(61,926)	(300,299)	(50,385)	(254,135)
	<u>27,164</u>	<u>41,980</u>	<u>8,453</u>	<u>23,269</u>

Income has been deferred in relation to rents received quarterly in advance. All deferred income relates to a period of less than one year.

18. Fund Reconciliation

	Balance at beginning of year £	Income £	Expenditure £	Net Investment gains/ (losses) £	Balance at end of year £
Company Funds	34,803,975	1,046,464	(557,471)	3,835,516	39,128,484
Subsidiary companies' funds	4,700,984	164,423	(174,809)	(10,386)	4,680,212
Consolidation adjustments	(4,700,984)	(75,831)	75,831	10,386	(4,690,598)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Group Funds	34,803,975	1,135,056	(656,449)	3,835,516	39,118,098
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Company's net outgoing resources before gains/(losses) for the year ended 31 March 2021 amounted to £4,314,123. Details of the consolidation adjustments can be found in note 25.

19. Operating Lease Commitments - Company and Group

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021		2020	
	Land and buildings	Others	Land and buildings	Others
Not later than one year	62,820	950	62,820	950
Later than one but not later than five years	62,820	714	125,640	1,664
	<hr/>	<hr/>	<hr/>	<hr/>
	125,640	1,664	188,460	2,614
	<hr/>	<hr/>	<hr/>	<hr/>

As at 31 March 2021 there were Grant commitments of £Nil.

20. Reconciliation of net (expenditure) / income to net cash flow from Operating Activities

	2021 £	2020 £
Net income / (expenditure) for year	4,314,123	(1,784,938)
Losses / (gains) on investment portfolio	(4,405,516)	1,059,334
Losses / (gains) on revaluation of investment property	570,000	2,304,962
(Increase) / decrease in debtors	(87,968)	(59,993)
(Decrease) / Increase in creditors	106,015	(113,602)
Gain on sale of York	-	(1,451,567)
	<hr/>	<hr/>
Net Cash (Outflow) / Inflow from Operating Activities	496,654	(45,804)
	<hr/>	<hr/>

21. Pensions**Defined contribution pension - Employer pension plan**

The Foundation operates a defined contribution employer pension plan for its employees. The amount of contributions recognised as an expense during the year was £1,419 (2020 - £1,468).

22. Related Party Transactions

During the year the Foundation made grant payments of £Nil (2020 - £47,600) to 0 (2020 - 7) charities where one or more of the Foundation's Trustees also served as Trustees of the beneficiary charities:

	Income £	Expenditure £
The Lockie Trust (Trustee: Angus Fanshawe)		
At 31 March 2020	7,800	6,450
At 31 March 2021	-	1,800
The Phoenix Cottage Trust (Trustee: David Byam-Cook)		
At 31 March 2020	7,800	6,200
At 31 March 2021	-	750
The Ravensword Trust (Trustee: Patrick Holcroft)		
At 31 March 2020	7,800	10,450
At 31 March 2021	-	3,950
The Sant Trust (Trustee: Lorna Stuttaford)		
At 31 March 2020	7,800	4,050
At 31 March 2021	-	6,600
The Tristenagh Trust (Trustee: Andrew Ford)		
At 31 March 2020	5,300	8,069
At 31 March 2021	-	2,157
The Shearwater Trust (Trustee: Charles Bennett)		
At 31 March 2020	7,800	6,700
At 31 March 2021	-	5,050
The Ringford Trust (Trustee: Alexander Scully)		
At 31 March 2020	3,300	-
At 31 March 2021	-	300

Provisions for doubtful related party debtors amounted to £nil at the balance sheet date (2020 - £nil). The Charity recognised £nil (2020 - £nil) as an expense during the year in respect of bad or doubtful related party debts. There were no outstanding balances or commitments at 31 March 2021 or 2020 with related parties.

Each Trustee manages a charitable Trust as disclosed above. Each Trust receives an annual donation from the Foundation which can be used to make discretionary donations to any UK registered charity. However, due to the effects of the pandemic and the decrease in the grants budget during the year, no donations were made to these Trusts.

23. Results of Subsidiary Companies

The following companies are wholly owned subsidiaries of the Foundation:

Company	Company Number
Fairhood Properties Limited	00712408
Merewood Properties Limited	01539486
Mountbarrow Properties Limited	00591626
Middlerigg Nominees Limited	02298673
Middlerigg Services Limited	00431334

The management company and the property companies transfer 100% of their taxable profits to the Foundation under the Gift Aid arrangements.

The results of the Foundation's subsidiaries are shown in Note 24 on page 28. These results include intragroup transactions of £12,368 (2020 - £11,852) for management services provided by Middlerigg Services Limited to fellow subsidiaries and £1,529 (2020 - £8,568) interest arising on loans with fellow group entities.

All subsidiaries covenant or transfer by means of Gift Aid 100% of their taxable profits to the Foundation. The subsidiaries are involved in the management of investment properties, except Middlerigg Nominees Limited which is a nominee company and Middlerigg Services Limited which is a management services company.

No deferred tax is provided on investment properties held by Fairhood Properties Limited as the availability of indexation reduces any gains to nil. In Mountbarrow Properties Limited no deferred tax is provided on the investment properties. There is a potential deferred tax liability of £85,486 which has not been recognised in the Financial Statements of this Company as there is an enduring Deed of Covenant in place which requires the entire Company's annual taxable profit to be donated to the Foundation and therefore any capital gain on the eventual disposal of the investment properties will not crystallise a corporation tax liability.

All companies are registered and incorporated in England and Wales.

HEDLEY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

23. Results of Subsidiary Companies	Merewood Properties Limited		Fairhood Properties Limited		Middlerigg Services Limited		Mountbarrow Properties Limited		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£	£	£	£	£
Gross income from investment Properties	18,516	50,000	29,312	51,187	-	-	64,928	98,594	112,756	199,781
Management fees / commission	-	-	-	-	50,138	50,466	-	-	50,138	50,466
Other income	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	1,529	8,568	1,529	8,568
Total income of subsidiaries	18,516	50,000	29,312	51,187	50,138	50,466	66,457	107,162	164,423	258,815
Property outgoings	7,765	-	-	-	-	-	-	-	7,765	-
Administrative expenses	15,756	15,576	33,164	32,525	17,872	17,314	36,572	36,734	103,364	102,149
Interest payable	415	2,320	1,114	6,218	-	30	217	1,211	1,746	9,779
Corporation Tax payable	-	-	-	-	-	-	-	-	-	-
Deeds of Covenant/Gift Aid	-	32,104	-	12,444	32,266	33,122	29,668	69,217	61,934	146,887
Total expenses of subsidiaries	23,936	50,000	34,278	51,187	50,138	50,466	66,457	107,162	174,809	258,815
Retained profit/(losses)	(5,420)	-	(4,966)	-	-	-	-	-	(10,386)	-
Revaluation of freehold property	-	(250,000)	-	(150,000)	-	-	-	(210,000)	-	(610,000)
Release of realised loss on - disposal of investment property	-	-	-	-	-	-	-	-	-	-
Reserves at beginning of year	112,685	362,685	1,145,262	1,295,262	9,360	9,360	3,433,677	3,643,677	4,700,984	5,310,984
Reserves at end of year	107,265	112,685	1,140,296	1,145,262	9,360	9,360	3,433,677	3,433,677	4,690,598	4,700,984

The Charitable Company also holds 100% of the share capital in a nominee company, Middlerigg Nominees Limited. This investment has been written down to £nil (2020 - £nil).

24. Subsidiary Companies - total income and expenditure reconciliation note

	2021 £	2020 £
(i) Total income of subsidiary companies	150,526	238,395
Plus: Group transactions		
• Management fee income	12,368	11,852
• Interest earned	1,529	8,568
	<hr/>	<hr/>
Total income of subsidiary companies before consolidation (note 23)	164,423	258,815
	<hr/>	<hr/>
(ii) Total expenses of subsidiary companies	98,978	91,508
Plus: Group transactions - deed of covenant/gift aid	61,934	146,887
• Management fee expenses	12,368	11,852
• Interest paid	1,529	8,568
	<hr/>	<hr/>
Total expenses of subsidiary companies before consolidation (note 23)	174,809	258,815
	<hr/>	<hr/>

25. Post Balance Sheet Events

There were no post balance sheet events.

26. Financial Instruments

The Charity holds a number of financial assets (for example investments, debtors and cash) and financial liabilities (for example creditors) which meet the definition of basic financial instruments under the FRS 102 SORP. Details of the measurement bases, accounting policies and carrying values for these financial assets and liabilities are disclosed in notes 12 to 17 above.

All investments are carried at their fair value. Investments in equities and fixed interest securities are all traded in quoted public markets. Property and equity investments are reviewed regularly to optimise the best financial outcome for The Foundation and its property companies.