

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 2022



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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 2022. 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 essence of the Foundation's activities is Social Welfare 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.

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

The Trustees award grants to those charities (never individuals) that have submitted applications for funding that would benefit those people outlined in the categories above. The Foundation tends not to give money to very large scale or national charities. Typically, sums of £3K - £5K are given with occasional larger sums granted to charities where high impact can be achieved. Most grants are one-off payments, but multi-year grants might be considered. Further applications from the same organisation would not normally be considered for a period of eighteen months from the date of the grant. Charities that may have submitted an unsuccessful grant may apply again after a six month period. Acknowledgements are expected from the recipient charities and occasional follow-up visits may be made by Trustees.

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, stating clearly the sum they seek and articulating precisely how they would wish to use any grant made. These are all considered carefully. Those most closely aligned with the Foundation's objectives are taken to a Trustees' Sift Board, which discusses each application in detail. Thereafter, recommendations for payments are made to the Main Board of Trustees, which convenes a fortnight later.

Follow-up visits are occasionally made to see the effect that a grant will have made; whilst the Foundation does not have the resources to analyse the success of each grant 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 receipt of a grant.

Grants were made during FY2021/22 to 173 charities (FY2020/21 - 73) totalling £610,051 (FY2020/21 - £179,092). The Grants Budget increased incrementally, but significantly, through the year as it became clear that rents were being paid in most cases and that some confidence in the economy was returning as the effects of Covid-19 began to fade. However, a cautious approach was maintained by the Trustees throughout the period, mindful of the economic threats posed by low growth, rapidly increasing inflation and the fragile geo-political situation.

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 2022, 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..

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

Recommendations for pay and remuneration, including for the key management personnel, 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. Formal remuneration has remained unchanged since January 2020, although the Trustees agreed a modest bonus to be paid to three members of staff in December 2021 as a mark of profound appreciation for what they had achieved during the year.

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 £3,443,761 compared to a movement of £4,314,123 in the prior year.

The following Companies are wholly owned subsidiaries of the Foundation:

Company	Principal Activity
Fairhood Properties Limited	Management of investment properties
Merewood Properties Limited	Management of investment properties
Mountbarrow Properties Limited	Management of investment properties
Middlerigg Nominees Limited	Nominee company
Middlerigg Services Limited	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. 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.

There has been no outsourced fund raising via professional fundraisers or other third parties. As a result, the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

Reserves Policy

The Foundation has total funds of £42,561,859 at 31 March 2022 all of which are unrestricted (2021 - £39,118,098). Of these total funds, £43,428,390 could only be realised by disposing of fixed assets (£6,860,000 investment properties, £31,942,792 listed investments and £4,625,598 investment in subsidiaries).

Unrestricted free reserves at the consolidated level at 31 March 2022 are £1,234,067 (2021 - £2,125,182). 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 2022 is in line with this target, representing 12 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 globally invested portfolio, the current annual yield is 1.9% (2021 - 2.02%).

In respect of the retail property portfolio, the current annual yield is 7% (2021 - 7%).

In respect of the Charities Property Fund, the current annual yield is 3.5% after costs (2021 - 3.78%)

The rental income derived from the retail properties and the dividends are utilised, after expenses, for the purpose of making grants.

In January 2022, the Trustees conducted a comprehensive performance review of investment portfolio managers and satisfied themselves (at that point in time) that the investment objective of a total return of 4.5% in excess of inflation (as measured by the CPI) over the long-term was achievable. There were four "bidders" for our portfolio and the decision was reached to stay with Waverton Investment Management.

Risk Management

The Trustees consider that sustained low growth, high inflation and international political tensions (that are the cause of high energy costs and erratic supply chains) to be the main threats to global economic stability. By extension these factors pose the main threat to the value of the investment portfolio, to the retail property portfolio and to the value of the units within the Charities Property Fund.

Twice a year the Trustees examine the Risk Register which identifies the major strategic, business and operational risks which face the Foundation and they consider what actions, if any, are required to mitigate them. It is noteworthy that the annual cost base for the Foundation is relatively low, with more than twelve month's running costs being immediately available.

Third Party Indemnity Provisions

The Foundation has purchased professional indemnity insurance on behalf of the Trustees. The premium paid for the insurance was £448 (2021 - £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 'M. Kitto'.

M C Kitto
Company Secretary

2 November 2022

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 2022 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 2022, 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. 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:

15 November 2012

		Unrestricted Funds	
	Note	2022	2021
		£	£
Income from:			
Income from investment properties	1	496,379	389,725
Income from Investment portfolios	2	473,242	552,390
Other trading activities - subsidiary companies	24	224,754	150,526
Other Income		81,000	42,415
		<hr/>	<hr/>
Total Income		1,275,375	1,135,056
		<hr/>	<hr/>
Expenditure on:			
Raising funds	3	363,868	314,373
Charitable activities	4	687,330	243,098
Other - on charitable trading	24	93,313	98,978
		<hr/>	<hr/>
Total Expenditure		1,144,511	656,449
		<hr/>	<hr/>
Net income		130,864	478,607
		<hr/>	<hr/>
Net realised and unrealised gains on investment assets	13b	3,572,897	4,405,516
Unrealised losses on revaluation of investment properties		(260,000)	(570,000)
Realised gain on sale of investment property		-	-
		<hr/>	<hr/>
Net Movement in Funds		3,443,761	4,314,123
		<hr/>	<hr/>
Fund balances brought forward		39,118,098	34,803,975
		<hr/>	<hr/>
Fund balances carried forward		42,561,859	39,118,098
		<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.

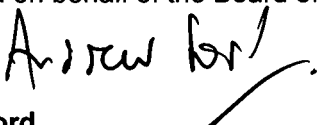
In accordance with the provisions of the Companies Act 2006, a separate Income and Expenditure Account dealing with the results of the Foundation only has not been presented.


The Accounting Policies and Notes on pages 13 to 29 form part of these Financial Statements.

	Note	Consolidated 2022 £	2021 £	Company 2022 £	2021 £
Fixed Assets					
Investment properties	12	9,385,000	9,645,000	6,860,000	7,055,000
Investments	13	31,942,792	27,347,916	36,568,390	32,038,514
		<u>41,327,792</u>	<u>36,992,916</u>	<u>43,428,390</u>	<u>39,093,514</u>
Current Assets					
Debtors	14	271,337	272,746	468,941	449,283
Cash at bank and in hand	15	1,322,859	2,117,140	1,170,401	2,050,632
		<u>1,594,196</u>	<u>2,389,886</u>	<u>1,639,342</u>	<u>2,499,915</u>
Creditors: amounts falling due within one year	16	(360,129)	(264,704)	(2,505,873)	(2,475,331)
Net Current Assets/ (Liabilities)		<u>1,234,067</u>	<u>2,125,182</u>	<u>(866,531)</u>	<u>24,584</u>
Net Assets		<u>42,561,859</u>	<u>39,118,098</u>	<u>42,561,859</u>	<u>39,118,098</u>
General Funds					
Charitable funds		37,936,261	34,427,500	37,936,261	34,427,500
Non-charitable investment/trading company funds		4,625,598	4,690,598	4,625,598	4,690,598
Total Funds	18	<u>42,561,859</u>	<u>39,118,098</u>	<u>42,561,859</u>	<u>39,118,098</u>

These Financial Statements were approved and authorised for issue by the Board of Trustees on 2 November 2022.

Signed on behalf of the Board of Trustees


A C Ford
Chairman


L B Stuttford
Trustee

The Accounting Policies and Notes on pages 13 to 29 form part of these Financial Statements.

HEDLEY FOUNDATION LIMITED
CONSOLIDATED CASHFLOW STATEMENT
Year ended 31 March 2022

	Note	2022 £	£	2021 £	£
Cash inflow from operating activities	20	227,698		496,654	
Net cash flow from operating activities		<u>227,698</u>		<u>496,654</u>	
Cash flow from investing activities					
Payments to acquire investment property		-		-	
Receipts from sales of investment property		-		-	
Payments from sale of property		-		-	
Payments to acquire investments	(6,347,631)		(6,163,597)		
Receipts from sales of investments	5,325,652		5,708,232		
Net cash flow used by investing Activities		<u>(1,021,979)</u>		<u>(455,365)</u>	
Change in cash and cash equivalents In the year		<u>(794,281)</u>		<u>41,289</u>	
Cash and cash equivalents at 1 April 2021		2,117,140		2,075,851	
Cash and cash equivalents at 31 March 2022		<u>1,322,859</u>		<u>2,117,140</u>	
Cash and cash equivalents consist of:					
Current accounts		162,524		76,627	
Deposit accounts		955,110		1,543,113	
Cash at Investment Managers		205,225		497,400	
Cash and cash equivalents at 31 March 2022		<u>1,322,859</u>		<u>2,117,140</u>	

The Accounting Policies and Notes on pages 13 to 29 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. 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, at least 12 months from the date of approval of these financial statements. As at 31 March 2022, the investment portfolio had recovered to pre-Covid-19 levels and the Charities Property Fund continued to make dividend payments. Similarly, the property portfolio generated a significant rental income; in light of this, the Trustees increased the level of grants being made. 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 2022 £	Company 2021 £
Rental Income	496,379	389,725
	<hr/>	<hr/>
2. Income from Investments	Group 2022 £	Group 2021 £
Income from Managed Portfolio	220,472	328,826
Interest	602	572
Other investment income	252,168	222,992
	<hr/>	<hr/>
	473,242	552,390
	<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 2022 £	Group 2021 £
Management of investment properties	189,200	156,706
Investment management fees	174,668	157,667
	<hr/>	<hr/>
	363,868	314,373
	<hr/>	<hr/>

4. Analysis of Expenditure on Charitable Activities	Staff £	Direct costs £	Support costs £	Group 2022 Total £	Group 2021 Total £
Grant making	21,698	610,051	55,581	687,330	243,098
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Prior year					
Grant making	21,068	179,091	42,939	243,098	
	<hr/>	<hr/>	<hr/>	<hr/>	

5. Support Costs	Basis of Allocation	Investment Properties £	Grant Making £	Total 2022 £	Total 2021 £
Governance costs (note 6)	71%-29%	70,595	28,835	99,430	47,000
Office costs	71%-29%	10,119	4,132	14,251	17,142
Premises & Maintenance	71%-29%	55,363	22,614	77,977	83,922
		<hr/>	<hr/>	<hr/>	<hr/>
		136,077	55,581	191,658	148,064
		<hr/>	<hr/>	<hr/>	<hr/>
Prior year					
Governance costs	71%-29%	33,370	13,630	47,000	
Office costs	71%-29%	12,171	4,971	17,142	
Premises	71%-29%	59,585	24,337	83,922	
		<hr/>	<hr/>	<hr/>	
		105,126	42,938	148,064	
		<hr/>	<hr/>	<hr/>	
6. Governance Costs				Group 2022 £	Group 2021 £
Business Rates				4,420	4,420
Insurance				1,971	1,815
Accountancy Fees				8,263	8,145
Professional Fees				83,351	31,395
Bank Charges				1,425	1,225
				<hr/>	<hr/>
				99,430	47,000
				<hr/>	<hr/>

7. Analysis of Grants

	Grants to Institutions £	Grants to Individuals £	Total 2022 £	Total 2021 £
Youth category grants (Y)	184,592	-	184,592	60,791
The Disabled category grants (D)	206,370	-	206,370	76,184
The Terminally ill and Hospices (ETH)	93,489	-	93,489	29,128
Other category grants (O)	125,600	-	125,600	12,989
	<hr/>	<hr/>	<hr/>	<hr/>
	610,051	-	610,051	179,092
	<hr/>	<hr/>	<hr/>	<hr/>

No grants were paid to individuals in the prior year.

Recipients of Grants	Grant Making £	Total 2022 £	Total 2021 £
DEC - Ukraine (O)	10,000	10,000	-
Other grants payable	600,051	600,051	179,092
	<hr/>	<hr/>	<hr/>
Total grants payable	610,051	610,051	179,092
	<hr/>	<hr/>	<hr/>

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

8. Net Income is stated after Charging:

	Group 2022 £	Group 2021 £
Auditor's remuneration - audit	19,320	18,950
- other services	5,000	4,920
Operating leases - land and buildings	61,843	61,843
- other	838	838
Loss on fair value movement of investment property	(260,000)	(570,000)
Gain on fair value movement of investment portfolio	3,572,897	4,405,516

9. Auditor's Remuneration

Auditor's remuneration amounts to an audit fee of £19,320 (2021 - £18,950) and fees payable for iXBRL tagging, corporation tax compliance and VAT Compliance in relation to the Subsidiary Companies of £5,000 (2021 - £4,920).

10. Staff Costs

	2022 £	2021 £
Wages and salaries	138,937	136,954
Social security costs	6,834	6,383
Pension costs - employer's pension	1,419	1,419
	<hr/>	<hr/>
	147,190	144,756
	<hr/>	<hr/>

The average number of employees during the year, excluding Trustees, was 3 (2021 - 3). This equates to a full time equivalent number of 2 (2021 - 2).

No employees received total employee benefits (excluding employer pension costs) of more than £60,000.

11. Trustees' and Key Management Personnel Remuneration and Expenses

	2022 Number	2021 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, 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:

	2022 Number	2021 Number	2022 £	2021 £
Travel	-	-	-	-

The total amount of employee benefits received by key management personnel during the year was £72,648 (2021 - £70,623). 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 2022 £	Group freehold land and buildings 2021 £	Company freehold land and buildings 2022 £	Company freehold land and buildings 2021 £
At beginning of year	9,645,000	10,215,000	7,055,000	7,625,000
Additions at cost	-	-	-	-
Disposal in year	-	-	-	-
Capitalised Improvements	-	-	-	-
(Loss) on revaluation	(260,000)	(570,000)	(195,000)	(570,000)
At end of year	9,385,000	9,645,000	6,860,000	7,055,000

The investment properties had an original cost of £11,750,188 (2021 - £11,750,188) (Group), and £9,625,263 (2021 - £9,625,263) (Company). The fair value of investment properties is determined by independent, professional valuation at 31 March 2022. 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

	2022 £ Group	2021 £	2022 £ Company	2021 £
Investment in subsidiary undertakings	-	-	4,625,598	4,690,598
Listed investments	31,942,792	27,347,916	31,942,792	27,347,916
	31,942,792	27,347,916	36,568,390	32,038,514

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	4,690,598
Movement in year	(65,000)
	<hr/>
Valuation at end of year	4,625,598
	<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 2022.

13b. Fixed Asset Investments

	2022 £	2022 £	2021 £	2021 £
	Group and Company		Group and Company	
Listed Investments				
Market value at beginning of year		27,347,916		22,487,035
Additions at cost		6,347,631		6,163,597
Disposal proceeds		(5,325,652)		(5,708,232)
Net investment gains				
- unrealised gains / (losses) on revaluation	2,428,463		3,209,352	
- realised gains on disposal	1,144,434		1,196,164	
	<hr/>		<hr/>	
		3,572,897		4,405,516
		<hr/>		<hr/>
Market value at end of year		31,942,792		27,347,916
		<hr/>		<hr/>
Listed Investments				
			2022 £	2021 £
UK equity shares			11,633,070	8,974,255
Overseas equities			20,309,722	18,373,661
			<hr/>	<hr/>
Market value of listed investments			31,942,792	27,347,916
			<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 £7,343,214 is 22.99% of the total investments.

14. Debtors	2022 £ Group	2021 £	2022 £ Company	2021 £
Amounts owed by subsidiary undertakings				
- deeds of covenant/gift aid	-	-	126,285	58,706
Amounts owed by subsidiary undertakings				
- other	-	-	206,122	205,840
Prepayments and accrued income	271,337	272,746	136,534	184,737
	<u>271,337</u>	<u>272,746</u>	<u>468,941</u>	<u>449,283</u>

15. Cash at Bank and in Hand

Deposit accounts	955,110	1,263,695	955,110	1,263,695
Current accounts	162,524	356,045	10,066	289,537
Cash at Investment Managers	205,225	497,400	205,225	497,400
	<u>1,322,859</u>	<u>2,117,140</u>	<u>1,170,401</u>	<u>2,050,632</u>

16. Creditors: amounts falling due within one year

Amounts owed to subsidiary undertakings	-	-	2,298,000	2,298,000
Taxation and social security costs	-	-	-	-
Accruals and deferred income (see note 17)	99,302	84,692	73,331	70,595
Other creditors	260,827	180,012	134,542	106,736
	<u>360,129</u>	<u>264,704</u>	<u>2,505,873</u>	<u>2,475,331</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	2022 £ Group	2021 £	2022 £ Company	2021 £
At 1 April 2021	27,164	41,980	8,453	23,269
Additions during the year	19,880	47,110	19,880	35,569
Amounts released	(23,590)	(61,926)	(23,590)	(50,385)
	<u>23,454</u>	<u>27,164</u>	<u>4,743</u>	<u>8,453</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	39,118,098	1,182,062	(1,051,198)	3,312,897	42,561,859
Subsidiary companies' funds	4,690,598	237,145	(237,145)	(65,000)	4,625,598
Consolidation adjustments	(4,690,598)	(143,832)	143,832	65,000	(4,625,598)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Group Funds	39,118,098	1,275,375	(1,144,511)	3,312,897	42,561,859
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Company's net income before gains/(losses) for the year ended 31 March 2022 amounted to £65,864. 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:

	2022		2021	
	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	62,820	714
	<hr/>	<hr/>	<hr/>	<hr/>
	125,640	1,664	125,640	1,664
	<hr/>	<hr/>	<hr/>	<hr/>

As at 31 March 2022 there were Grant commitments of £Nil.

20. Reconciliation of net income to net cash flow from Operating Activities

	2022 £	2021 £
Net income for year	3,443,761	4,314,123
Gains on investment portfolio	(3,572,897)	(4,405,516)
Losses on revaluation of investment property	260,000	570,000
Decrease / (increase) in debtors	1,409	(87,968)
Increase in creditors	95,425	106,015
	<hr/>	<hr/>
Net Cash Inflow from Operating Activities	227,698	496,654
	<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 (2021 - £1,419).

22. Related Party Transactions

During the year the Foundation made grant payments of £34,100 (2021 - £Nil) to 7 (2021 - 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 2021	-	1,800
At 31 March 2022	5,300	3,500
The Phoenix Cottage Trust (Trustee: David Byam-Cook)		
At 31 March 2021	-	750
At 31 March 2022	5,300	6,250
The Ravensword Trust (Trustee: Patrick Holcroft)		
At 31 March 2021	-	3,950
At 31 March 2022	5,300	2,500
The Sant Trust (Trustee: Lorna Stuttford)		
At 31 March 2021	-	6,600
At 31 March 2022	5,300	3,500
The Tristenagh Trust (Trustee: Andrew Ford)		
At 31 March 2021	-	2,157
At 31 March 2022	2,300	2,230
The Shearwater Trust (Trustee: Charles Bennett)		
At 31 March 2021	-	5,050
At 31 March 2022	5,300	4,700
The Ringford Trust (Trustee: Alexander Scully)		
At 31 March 2021	-	300
At 31 March 2022	5,300	5,870

Provisions for doubtful related party debtors amounted to £nil at the balance sheet date (2021 - £nil). The Charity recognised £nil (2021 - £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 2022 or 2021 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.

There were no other related party transactions in the current or prior year.

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 £10,403 (2021 - £12,368) for management services provided by Middlerigg Services Limited to fellow subsidiaries and £1,988 (2021 - £1,529) 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 £112,481 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 2022

	Fairhood Properties Limited		Merewood Properties Limited		Middlerigg Services Limited		Mountbarrow Properties Limited		Total	
23. Results of Subsidiary Companies	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Gross income from investment Properties	37,917	18,516	51,187	29,312	-	-	98,594	64,928	187,698	112,756
Management fees / commission	-	-	-	-	47,459	50,138	-	-	47,459	50,138
Other income	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	1,988	1,529	1,988	1,529
Total income of subsidiaries	37,917	18,516	51,187	29,312	47,459	50,138	100,582	66,457	237,145	164,423
Property outgoings	-	7,765	-	-	-	-	1,250	-	1,250	7,765
Administrative expenses	14,955	15,576	32,771	33,164	18,311	17,872	36,147	36,572	102,184	103,364
Interest payable	540	415	1,448	1,114	-	-	282	217	2,270	1,746
Corporation Tax payable	-	-	-	-	-	-	-	-	-	-
Deeds of Covenant/Gift Aid	22,422	-	16,968	-	29,148	32,266	62,903	29,668	131,441	61,934
Total expenses of subsidiaries	37,917	23,936	51,187	34,278	47,459	50,138	100,582	66,457	237,145	174,809
Retained profit/(losses)	-	(5,420)	-	(4,966)	-	-	-	-	-	(10,386)
Revaluation of freehold property	(50,000)	-	-	-	-	-	(15,000)	-	(65,000)	-
Release of realised loss on - disposal of investment property	-	-	-	-	-	-	-	-	-	-
Reserves at beginning 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
Reserves at end of year	57,265	107,265	1,140,296	1,140,296	9,360	9,360	3,418,677	3,433,677	4,625,598	4,690,598

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 (2021 - £nil).

24. Subsidiary Companies - total income and expenditure reconciliation note

	2022 £	2021 £
(i) Total income of subsidiary companies	224,754	150,526
Plus: Group transactions		
• Management fee income	10,403	12,368
• Interest earned	1,988	1,529
	<hr/>	<hr/>
Total income of subsidiary companies before consolidation (note 23)	237,145	164,423
	<hr/>	<hr/>
(ii) Total expenses of subsidiary companies	93,313	98,978
Plus: Group transactions - deed of covenant/gift aid	131,441	61,934
• Management fee expenses	10,403	12,368
• Interest paid	1,988	1,529
	<hr/>	<hr/>
Total expenses of subsidiary companies before consolidation (note 23)	237,145	174,809
	<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.