



THE LAW SOCIETY CHARITY
REGISTERED CHARITY NUMBER: 268736

FINANCIAL STATEMENTS
YEAR ENDED 5 APRIL 2010

LEGAL AND ADMINISTRATIVE DETAILS

Trustee: The Law Society Trustees Limited (the "Trustee")

The following persons served as directors throughout the year (except as noted) and to the date of this report:

| | | |
|-----|---------------|--------------------|
| RA | Barnett | resigned 11.03.10 |
| SJM | Chandler | |
| H | Davies | resigned 31.12.09 |
| JNW | Dodds [Chair] | |
| ENJ | Evans | appointed 15.07.09 |
| M | Fowler | |
| C | Grenyer | |
| MR | Mathews | |
| DM | Merkel | |
| B | Rigby | |
| GGM | Sandercock | |
| HA | Siddle | resigned 13.07.10 |
| A | Stanley | |
| RMC | Venables | |

Registered office: 113 Chancery Lane
London
WC2A 1PL

Operating address: 113 Chancery Lane
London
WC2A 1PL

Independent Auditors: PriceWaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No 1 Embankment Place
London
WC2N 6RH

Bankers: Barclays Bank Plc
Level 28
1 Churchill Place
London
E14 5HP

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TRUSTEE'S REPORT

The Trustee presents their report and the audited financial statements of the Charity for the year ended 5 April 2010

Structure, governance and management

The Charity was created by a Trust Deed dated 11 December 1974 made between the Law Society of England and Wales (the "Law Society") and The Law Society Trustees Limited, the Charity's Trustee. It is a registered charity identified by the number 268736.

Under the Trust Deed, the Trustee stands possessed of the trust fund of the Charity absolutely upon trust for the Charity within its absolute discretion but in particular for:

- the continuation and furtherance of legal education and the acquisition of legal knowledge by any charitable means;
- the College of Law incorporated under the Companies Act 1948 and any other similar institution or body being itself a registered charity;
- scholarships, exhibitions, bursaries, prizes or grants to be awarded, given or made for the furtherance of legal education or for research into the laws of England and other jurisdictions;
- the discharge from time to time of such of the charitable obligations (if any) imposed upon the Law Society by Statute or otherwise as may be within the scope of the Trusts.

The Board must have at least five members and no more than twenty. As at 5 April 2010, there were twelve members, made up of four Council members and eight non-Council members.

Company Secretarial, finance and administration support is provided by Law Society staff.

Recruitment and training of Board trustees

When a vacancy for a Council Member trustee arises, a standard letter is sent to all Law Society Council Members asking for their expressions of interest in the vacancy. If more than one expression of interest is received then applicants are asked to complete a standard Board vacancy application form. This application form, together with the original expression of interest is presented to the Board at the next meeting for consideration.

When a vacancy for a non-Council Member trustee arises, an advertisement is placed in appropriate publications, such as the *Gazette* and interested parties are asked to complete an application form and the application forms are short listed by a panel of current board members, including the Chair and the Company Secretary, then interviewed. The successful candidate(s) are informed that their appointment to the Board will be recommended at the next Board meeting, where the final decision is taken.

Upon formal confirmation of a new trustee's appointment, they are sent copies of the Memorandum of Association, the Articles of Association and the Trust Deed.

The Company Secretary holds an induction meeting for each new trustee.

Equality and diversity training is provided for all trustees.

TRUSTEE'S REPORT

Risk management

The Trustee regularly assesses the risks to which the Charity is exposed. Members of its Board are satisfied that the systems in place manage the exposure to major risk.

Related parties and connected organisations

There are no issues regarding related parties and connected organisations. At each Trustee meeting individuals must make a declaration of interest where necessary and take no part in any matter arising in connection with this interest.

Objectives and activities

The Charity is essentially a grant making charity. The Board of the Trustee regularly reviews the outline aims and objectives of the Charity, which are:

1. supporting the education of the public in legal matters and members of the profession in the interests of the public, in particular by assisting in the maintenance of high standards of general legal education in the profession;
2. supporting charities whose principal aims are to support members of the profession in need;
3. seeking out and supporting, whether in partnership with others or alone:
 - i. major charitable projects which will be supported by Local Law Societies and groups (and other means of outreach);
 - ii. exploring joint ventures with other charities, particularly with the charitable arms of firms of solicitors;
4. supporting charitable work done internationally to promote human rights, such as assistance in the development of law, general promotion of legal education and Pro Bono assistance for people facing capital punishment;
5. in exceptional cases, responding to ad hoc applications for support from other charitable organisations whose work redounds to the credit of the profession, but generally not those with narrow geographical limits;
6. to focus on the needs of those unable to obtain funding elsewhere, rather than those with established and significant income streams.

In fulfilling these aims and objectives the Board will recognise and, where appropriate, act to promote the particular needs of excluded, under-represented or disadvantaged groups.

The Board will regularly review its policy relating to publicity for its actions, and will publicise its strategies with a view to increasing awareness of it and of its work in the profession and in the general public.

The Board of the Trustee has had due regard to the Charity Commission's general guidance on public benefit.

TRUSTEE'S REPORT

Achievements and performance

The Charity was able to make a number of grants and donations during the year in pursuit of its objects for the public benefit. Some of the larger awards made were:

| | |
|----------|---|
| £128,125 | LawCare |
| £ 79,950 | Citizenship Foundation |
| £ 30,000 | Reprieve |
| £ 20,000 | British & Irish Legal Information Institute |
| £ 20,000 | Peace Brigades International UK |
| £ 20,000 | Sign Health |
| £ 11,196 | Law Society/Commonwealth Fellowships |
| £ 10,650 | City of Westminster & Holborn Law Society |
| £ 10,000 | Law Society / University of Essex Symposium on Human Rights |

Further smaller awards of £10,000 or less were made in the year totalling £98,234.

Plans for future periods

The Charity intends to continue its charitable activities but has been working closely with the Law Society to agree longer term funding.

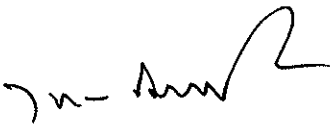
Reserves policy

It is not the aim of the Charity to accumulate large cash balances; however, it has sufficient funds to meet its commitments to further funding. It is the aim of the Charity to continue to make grants and donations within its objects and policies according to the income it receives.

Independent auditors

Following a market testing exercise overseen by the Society's Audit Committee, a resolution to appoint PricewaterhouseCoopers LLP as the Charity's auditors for the 2010 accounts was approved at the Charity's July 2009 Annual General Meeting.

Approved by the Board of the Trustee:



JNW Dodds
CHAIRMAN, BOARD OF THE TRUSTEE

Date: 21 September 2010

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 presume that the Charity will continue in operation.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ascertain that the financial statements comply with the Charities Act 1993, as amended by the Charities Act 2006, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed.

The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Trustee is aware at the time the report is approved:

- there is no relevant audit information of which the Charity's auditors are unaware;
- the Trustee has taken all steps that they ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE LAW SOCIETY CHARITY

We have audited the financial statements of The Law Society Charity for the year ended 5 April 2010 which comprise Statement of Financial Activities, the Balance Sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustee and auditors

The trustee's responsibilities for preparing the Annual Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charity's trustee as a body in accordance with Regulation 24 of The Charities (Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustee's Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustee's Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

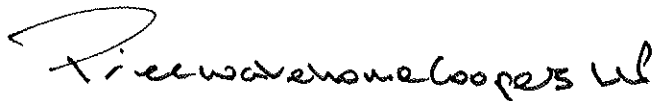
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE LAW SOCIETY CHARITY

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 5 April 2010 and of its outgoing resources and application of resources, including its cash flows, for the year then ended; and,
- the financial statements have been prepared in accordance with the Charities Act 1993.



PricewaterhouseCoopers LLP
CHARTERED ACCOUNTANTS
& STATUTORY AUDITORS
LONDON

Date: th 9 November 2010

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2010

| | NOTE | RESTRICTED | UNRESTRICTED | TOTAL 2010 | TOTAL 2009 |
|-------------------------------|------|------------|--------------|---------------|---------------|
| | | £ | £ | £ | £ |
| INCOMING RESOURCES | | | | | |
| Incoming from generated funds | | | | | |
| Voluntary income | 2 | - | 10,848 | 10,848 | 2,750 |
| Investment income | | - | 5,679 | 5,679 | 70,999 |
| Total incoming resources | | - | 16,527 | 16,527 | 73,749 |
| RESOURCES EXPENDED | | | | | |
| Cost of generating funds | | | | | |
| Charitable activities | 3 | 37,671 | 452,949 | 490,620 | 369,873 |
| Governance costs | | - | 519 | 519 | 215 |
| Total resources expended | | 37,671 | 453,468 | 491,139 | 370,088 |
| NET OUTGOING RESOURCES | | (37,671) | (436,941) | (474,612) | (296,339) |
| Reconciliation of funds | | | | | |
| Total funds b/f | 10 | 80,318 | 1,303,567 | 1,383,885 | 1,680,224 |
| Total funds c/f | 10 | 42,647 | 866,626 | 909,273 | 1,383,885 |

All of the above results are derived from continuing activities;

There were no other recognised gains or losses other than those stated above.

BALANCE SHEET AS AT 5 APRIL 2010

| | NOTE | 2010 | | 2009 | |
|------------------------------|------|-----------------|-----------------------|-----------------|-------------------------|
| | | £ | £ | £ | £ |
| CURRENT ASSETS | | | | | |
| Debtors | 6 | 23,775 | - | - | - |
| Cash and cash equivalents | | 965,120 | 1,445,385 | 1,445,385 | |
| | | <u>988,895</u> | <u>1,445,385</u> | | |
| CURRENT LIABILITIES | | | | | |
| Creditors: due < one year | 7 | (60,144) | (42,000) | (42,000) | |
| | | <u>(60,144)</u> | <u>(42,000)</u> | | |
| NET CURRENT ASSETS | | | 928,751 | | 1,403,385 |
| LONG-TERM LIABILITIES | | | | | |
| Creditors: due > one year | 8 | | (19,478) | (19,500) | |
| | | | <u>(19,478)</u> | <u>(19,500)</u> | |
| TOTAL ASSETS | | | 909,273 | | 1,383,885 |
| | | | <u><u>909,273</u></u> | | <u><u>1,383,885</u></u> |
| FUNDS | | | | | |
| Restricted funds | 10 | | 42,647 | 80,318 | |
| Unrestricted funds | | | | | |
| General | 10 | 823,829 | 1,288,371 | 1,288,371 | |
| Designated | 10 | 42,797 | 866,626 | 15,196 | 1,303,567 |
| | | <u>866,626</u> | <u>866,626</u> | <u>15,196</u> | <u>1,303,567</u> |
| TOTAL CHARITY FUNDS | | | 909,273 | | 1,383,885 |
| | | | <u><u>909,273</u></u> | | <u><u>1,383,885</u></u> |

The financial statements were approved by the Board of the Trustee:



JNW Dodds
CHAIRMAN, BOARD OF THE TRUSTEE

Date: 21 September 2010

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a BASIS OF ACCOUNTING

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with The Charities Act 1993 and applicable United Kingdom accounting standards. They follow the recommendations in the Statement of Recommended Practice: *Accounting & Reporting by Charities* (SORP 2005).

b VOLUNTARY INCOME

Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when receivable.

c INVESTMENT INCOME

Investment income earned this year is considerably reduced due to market forces outside of the control of The Law Society Charity.

d UNCLAIMED CLIENT BALANCES

Solicitors' firms may, under the Solicitors' Accounts Rules, donate to a charity client monies held by them where the client cannot be traced. Approval by the Solicitors Regulation Authority is required where any particular balance to be donated is above £50, and in that event the charity must give an indemnity to repay the money if the client later appears.

e INVESTMENT INCOME

Funds are placed with Barclays Global Investors and the dividends earned are recognised upon receipt.

f REVENUE GRANTS

Charitable activities include revenue grants debited to the statement of financial activities when authorised and committed to by the Trustee.

g RESTRICTED FUNDS

Restricted funds are to be used for specific purposes in respect of the Zimbabwe appeal.

h DESIGNATED FUNDS

Designated funds are earmarked for the Law Society Diversity Access Scheme (DAS) and the Liverpool Law Society (LLS). The Charity has agreed to manage these funds and make payments on behalf of the DAS as and when required. The DAS aims to provide financial support for talented but disadvantaged people who would not otherwise be able to study towards becoming a lawyer. The LLS was awarded a grant to assist in their involvement in international development work.

i RESOURCES EXPENDED

Resources expended are recognised in the period in which they are incurred and allocated to either restricted or unrestricted funds. Resources expended on charitable activities include payments made on behalf of the DAS and LLS.

j GENERATING FUNDS

Costs of generating funds are incurred on behalf of the charity by the Law Society and not recharged. These costs and the associated donation in kind are not included in the statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS

k GOVERNANCE

The Board of the Law Society Charity convenes to assess all funding applications received and awards grants upon their merits.

The Charity benefits from centralised services and facilities provided by the Law Society which includes accounting administration, treasury management and fundraising activities which are not recharged to the Charity. These costs and the associated donation in kind are not included in the statement of financial activities.

2 INCOMING RESOURCES

| VOLUNTARY INCOME COMPRISES: | 2010 | 2009 |
|------------------------------------|---------------|--------------|
| | £ | £ |
| Designated fund | 2,074 | - |
| General fund | 8,774 | 2,750 |
| | <u>10,848</u> | <u>2,750</u> |

| DESIGNATED FUND: VOLUNTARY INCOME | 2010 | 2009 |
|--|--------------|-------------|
| | £ | £ |
| Donations | 2,074 | - |
| | <u>2,074</u> | <u>-</u> |

| GENERAL FUND: VOLUNTARY INCOME | 2010 | 2009 |
|---------------------------------------|--------------|--------------|
| | £ | £ |
| Donations | 4,698 | 2,750 |
| Unclaimed client balances | 4,076 | - |
| | <u>8,774</u> | <u>2,750</u> |

NOTES TO THE FINANCIAL STATEMENTS

3 RESOURCES EXPENDED

| CHARITABLE ACTIVITIES COMPRISE: | 2010 | 2009 |
|--|-------------|-------------|
| | £ | £ |
| Restricted fund | 37,671 | 19,682 |
| Designated fund | 24,794 | 39,859 |
| General fund | 428,155 | 310,332 |
| | <hr/> | <hr/> |
| | 490,620 | 369,873 |
| | <hr/> | <hr/> |

| RESTRICTED FUND: CHARITABLE ACTIVITIES | 2010 | 2009 |
|---|-------------|-------------|
| | £ | £ |
| Zimbabwe activities | 37,671 | 19,682 |
| | <hr/> | <hr/> |
| | 37,671 | 19,682 |
| | <hr/> | <hr/> |

| DESIGNATED FUND: CHARITABLE ACTIVITIES | 2010 | 2009 |
|---|-------------|-------------|
| | £ | £ |
| Liverpool Law Society | 5,531 | 3,103 |
| Diversity Access Scheme | 19,263 | 36,756 |
| | <hr/> | <hr/> |
| | 24,794 | 39,859 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

3 RESOURCES EXPENDED

| GENERAL FUND: CHARITABLE ACTIVITIES | 2010 | 2009 |
|---|----------------|----------------|
| | £ | £ |
| Amicus | 5,000 | 10,000 |
| Association of Muslim Lawyers | 7,000 | - |
| Asylum Support Appeal | 5,000 | - |
| Book Aid International | 6,600 | 5,200 |
| British & Irish Legal Information Institute | 20,000 | 50,000 |
| British Institute of Human Rights | 7,000 | - |
| Central London Law Centre | 5,000 | - |
| City of Westminster and Holborn Law Society | 10,650 | 9,960 |
| Discrimination Law Association | 1,956 | - |
| East Africa Law Society (\$20,000 USD) | - | 13,765 |
| Environmental Law Foundation | - | 7,500 |
| European Young Bar Association | - | (225) |
| Everychild | - | 10,000 |
| Fair Trials International / Abroad | - | 7,500 |
| International Bar Association Human Rights Institute | - | 3,280 |
| Incorporated Council of Law Reporting Mooting Competition | 2,000 | - |
| Kurdish Human Rights Project | 3,000 | - |
| Law Society / University of Essex Symposium on Human Rights | 10,000 | - |
| Law Society / Commonwealth Fellowships | 11,196 | - |
| Law Society International Dept [Trinidad & Tobago] | - | (10,000) |
| LawCare | 128,125 | 125,000 |
| Lawyers in Schools Events | - | 3,352 |
| Legal Action Group | 5,000 | - |
| Liverpool Law Society | 5,000 | - |
| London Advice Services Alliance | 6,000 | - |
| MIND | 5,000 | - |
| Peace Brigades International UK | 20,000 | 10,000 |
| Prisoners Abroad | - | 7,500 |
| Prisoners Advice Service | 5,000 | 5,000 |
| Reprieve | 30,000 | - |
| Rift Valley Newcastle | - | 12,000 |
| Roma Support Group | 5,000 | 6,000 |
| Shelter | 9,678 | - |
| Sign Health | 20,000 | - |
| Sir Richard May Trust | - | 4,000 |
| South London Law Society | - | 20,000 |
| The AIRE Centre | 5,000 | - |
| The Citizenship Foundation | 79,950 | - |
| University of Cape Town Trust | - | 10,500 |
| Working Families | 5,000 | - |
| Youthnet UK | 5,000 | - |
| | <u>428,155</u> | <u>310,332</u> |

NOTES TO THE FINANCIAL STATEMENTS

4 STAFF COSTS

There were no employees during the year (2009: nil).

Neither the Trustee nor any person related or connected by business to the Trustee has received any remuneration from the Charity during the year (2009: £nil).

5 TAXATION

The Charity is exempt from tax as all its income is charitable and is applied for charitable purposes.

6 DEBTORS

| | 2010 | 2009 |
|--|---------------|----------|
| | £ | £ |
| Bursary Fund – re Sheffield University | 23,775 | - |
| | <u>23,775</u> | <u>-</u> |

7 CREDITORS: AMOUNTS DUE < 1 YEAR

| | 2010 | 2009 |
|--|---------------|---------------|
| | £ | £ |
| Committed charitable activities of general fund | 23,500 | - |
| Committed charitable activities of restricted fund | 30,644 | 42,000 |
| | <u>60,144</u> | <u>42,000</u> |

8 CREDITORS: AMOUNTS DUE > 1 YEAR

| | 2010 | 2009 |
|---|---------------|---------------|
| | £ | £ |
| Committed charitable activities of general fund | 19,478 | 19,500 |
| | <u>19,478</u> | <u>19,500</u> |

NOTES TO THE FINANCIAL STATEMENTS

9 ANALYSIS OF TOTAL ASSETS BETWEEN FUNDS

| | RESTRICTED FUNDS | UNRESTRICTED FUNDS | TOTAL FUNDS |
|-----------------------|---------------------|-----------------------|----------------|
| | £ | £ | £ |
| Net current assets | 42,647 | 862,329 | 928,751 |
| Long-term liabilities | - | (19,478) | (19,478) |
| | 42,647 | 866,626 | 909,273 |

10 MOVEMENT IN FUNDS

| | BROUGHT FORWARD | INCOMING RESOURCES | OUTGOING RESOURCES | CARRIED FORWARD |
|---------------------------------|--------------------|-----------------------|-----------------------|--------------------|
| | £ | £ | £ | £ |
| RESTRICTED FUNDS | | | | |
| Assistance to Zimbabwe | 80,318 | - | (37,671) | 42,647 |
| TOTAL RESTRICTED FUNDS | 80,318 | - | (37,671) | 42,647 |
| UNRESTRICTED FUNDS | | | | |
| Designated fund: | | | | |
| DAS | 8,299 | 62,074 | (27,562) | 42,811 |
| LLS | 6,897 | - | (6,897) | - |
| Total Designated fund: | 15,196 | 62,074 | (34,459) | 42,811 |
| Total General fund | 1,288,371 | 24,118 | (488,674) | 823,815 |
| TOTAL UNRESTRICTED FUNDS | 1,303,567 | 86,192 | (523,133) | 866,626 |
| TOTAL FUNDS | 1,383,885 | 86,192 | (560,804) | 909,273 |

