

Scottish Solicitors' Benevolent Fund

Annual Report and Financial Statements for the year ended 31 October 2017

Charity registration number SC000258

Trustees' Report

The trustees have pleasure in submitting their annual report and financial statements for the year ended 31 October 2017.

Reference and administrative details

The Scottish Solicitors' Benevolent Fund was founded by a deed of trust. Its governing instrument is the trust deed and is managed by the Benevolent Fund Committee. The committee members are the trustees of the fund.

Charity name

Scottish Solicitors' Benevolent Fund

Charity registration number

SC000258

Registered office

166 Buchanan Street
Glasgow, G1 2LW

Trustees /members of the Benevolent Fund Committee

From the Law Society of Scotland

Graham Matthews	(President)
Alison Atack	(Vice President)
Philip Yelland	(Director)
Ken Tudhope	(Director)

From the Scottish Law Agents Society

Fiona Dalton	(President)
John Stirling	(Vice President)
David MacLennan	(Past President)
Michael Sheridan	(Secretary)

Governing document

The Benevolent Fund is a charitable trust and is governed by its trust deed.

Administration

Members of the Benevolent Fund Committee are appointed to deal with the day to day administration of the fund. The members of that committee shall not be less than seven in number. The president and vice president of the Law Society of Scotland and the president and secretary of the Scottish Law Agents Society shall be ex-officio members of the committee. At least two further members of the committee shall be nominated provided always that the balance of membership between the two societies is maintained. From that number, a convener of the committee shall be nominated to hold office at the pleasure of the committee. For the avoidance of doubt, members of the committee other than the ex-officio members need not be member of the Councils of either society.

The funds and assets shall be administered by the management accountant of the Law Society of Scotland and the secretarial duties will be performed by the secretary of the Scottish Law Agents Society.

Bankers

The Royal Bank of Scotland,
36 St Andrew Square, Edinburgh, EH2 2YB

Auditors

Henderson Loggie
34 Melville Street, Edinburgh, EH3 7HA

Investment Advisors

Investec Wealth & Investment Limited
5 George Square
Glasgow, G2 1DY

Structure, governance and management

The Scottish Solicitors' Benevolent Fund is a charitable trust governed by its trust deed. It has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a charity registered in Scotland.

The Benevolent Fund Committee meets twice a year and makes all of the significant decisions in relation to the charity; day-to-day administration is delegated to the management accountant of the Law Society of Scotland and the secretary of the Scottish Law Agents Society. New trustees are appointed by the Benevolent Fund Committee from individuals of the respective societies possessing the relevant skills. Induction and training of new and existing members is dealt with as required.

Objectives, activities and achievements

The fund is intended to assist solicitors qualified in Scotland, or their dependants, who are in need of financial assistance and whose circumstances meet the criteria set by the trustees for the payment of grants. In light of this overarching objective, the Benevolent Fund Committee does not set annual objectives.

Grants policy

With consideration to the aim of the fund, potential beneficiaries are invited to complete the grant application form and submit to the trustees. This document is then considered in detail, so as to determine the suitability of the individual circumstance. A decision is then made on whether the grant application has been successful, and where appropriate, subsequent level of award.

During the year 19 grants were made to 11 individuals (2016 - 20 grants to 11 individuals) from general funds, and 5 grants were made to 5 individuals (2016 - 7 grants to 7 individuals) from the Tod Endowment restricted fund.

Financial review

The Trust's total incoming resources in the year were £19,117 (2016- £17,603). Contributions totalling £7,500 from the Tod Endowment Fund had been received in 2017.

There was a net increase in funds of £17,022 in the year (2016 – net increase £15,970). Total funds at 31st October 2017 stood at £323,893 (2016 - £306,871), of which unrestricted funds were £251,032 (2016 - £235,477).

Reserves policy

The Trustees consider the level of free reserves required by the Fund to be the equivalent of 12 months' unrestricted expenditure. On this basis at 31st October 2017 there were negative reserves of (£11,731). The situation is monitored at each meeting.

Risk policy

The trustees examine the operational and business risks that the charity faces and have established systems to mitigate the significant risks.

Investment policy

The investments are operated under delegated powers by investment brokers appointed by the trustees. Income is re-invested and the portfolio is considered low risk.

Plans for future periods

The trustees intend to continue to provide support to solicitors qualified in Scotland, or their dependants, who are in need of financial assistance, in accordance with the objectives of the charity.

Disclosure of information to auditors

The trustees who held office at the date of approval of this trustees' report, confirm that, so far as they each are aware, there is no relevant audit information of which the charity's auditors are unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the trustees' auditors are aware of that information.

Auditors

A resolution for the re-appointment of Henderson Loggie as auditors is to be proposed at the forthcoming annual general meeting.

By order of the Trustees

Philip Yelland
Trustee

Date

Statement of trustees' responsibilities in respect of the trustees' report and the financial statements

Under charity law, the trustees are responsible for preparing the trustees' report and the financial statements for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether the recommendations of the statement of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- state whether the financial statements comply with the trust deed, 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 its activities

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 44 of the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

Independent auditors' report to the trustees of the Scottish Solicitors' Benevolent Fund

Opinion

We have audited the financial statements of Scottish Solicitors' Benevolent Fund (the 'charity') for the period ended 31 October 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charity's affairs as at 31 October 2017 and of 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 Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern

basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

We have nothing to report in respect of the following matters where the Charities & Trustees Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or the information given in the financial statements is inconsistent in any material respect with the trustees report
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to 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 as auditor under Section 44(1)(c) of the Charities & Trustees Investment (Scotland) Act 2005 and in accordance with the Act and relevant regulation made or having effect there under.

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.

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

This report is made solely to the trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body for our audit work, for this report, or for the opinions we have formed.

Henderson Loggie
Chartered Accountants
Statutory Auditor

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34 Melville Street
Edinburgh
EH3 7HA

Statement of financial activities

for the year ended 31 October 2017

	Note	Unrestricted	Restricted	Endowment Fund	Total 2017	Total 2016
Income :		£	£	£		£
Investments		9,948	-	-	9,948	6,473
Donations		1,669	7,500	-	9,169	11,130
Income		<u>11,617</u>	<u>7,500</u>	<u>-</u>	<u>19,117</u>	<u>17,603</u>
Expenditure on:						
Raising Funds		(2,794)	-	-	(2,794)	(2,274)
Charitable activities		(15,113)	(6,033)	-	(21,146)	(20,532)
Expenditure		<u>(17,907)</u>	<u>(6,033)</u>	<u>-</u>	<u>(23,940)</u>	<u>(22,806)</u>
Net gains / (losses)						
Net realised gain/(loss) on disposal of investments		1,161	-	-	1,161	61
Net unrealised gain/(loss) on investments		20,684	-	-	20,684	21,112
Net movement in funds		15,555	1,467	-	17,022	15,970
Balance brought forward at 1st November		<u>235,477</u>	<u>56,394</u>	<u>15,000</u>	<u>306,871</u>	<u>290,901</u>
Balance carried forward at 31st October		<u>251,032</u>	<u>57,861</u>	<u>15,000</u>	<u>323,893</u>	<u>306,871</u>

All of the charity's activities are continuing.

Balance sheet

as at 31 October 2017

	2017 £	2016 £
Fixed Assets		
Investments at market value	277,763	246,862
Current Assets		
Cash at Bank and on deposit	49,189	72,376
	<u>49,189</u>	<u>72,376</u>
Current Liabilities		
Sundry creditors	(3,059)	(12,367)
Net Current Assets	<u>46,130</u>	<u>60,009</u>
Net Assets	<u>323,893</u>	<u>306,871</u>
Represented by:		
Unrestricted Funds	251,032	235,477
Restricted funds	57,861	56,394
Permanent Endowment Fund	15,000	15,000
Total funds	<u>323,893</u>	<u>306,871</u>

The financial statements were approved by the trustees on 23 February 2018 and were signed on its behalf by:

Philip Yelland
Trustee

Statement of cash flows

for the year ended 31 October 2017

	2017	2016
	£	£
Net movement in funds	17,022	15,970
(Gains)/losses on investments	(21,845)	(21,173)
(Outgoing)/incoming resources for the year	(4,823)	(5,203)
Investment income	(9,948)	(6,473)
Change in debtors	-	520
Change in creditors	(9,308)	2,443
Net cash generated from operating activities	(24,079)	(8,713)
Cash flows from investing activities		
Interest and dividends received	9,948	6,473
Payments to acquire investments	(41,760)	(239,551)
Receipts from sale of investments	32,704	256,473
	892	23,395
Increase in cash during the year	(23,187)	14,682
Net funds at the start of the year	72,376	57,694
Net funds at the end of the year	49,189	72,376

Notes to the financial statements for the year ended 31 October 2017

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention. The charity was founded by trust deed and is a Public Benefit Entity with the registered office as noted on page 2. The financial statements are compliant with the charity's constitution, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities" (revised 2015), and in accordance with Financial Reporting Standard 102 (FRS 102).

The financial statements are prepared in Sterling which is the functional currency of the charity.

Going Concern

To the trustees knowledge there are no material uncertainties which would prevent the charity from operating for 12 months from the date of signing this report.

Investments

Investments are held at market value obtained by reference to mid-market closing prices at the end of the year. Gains and losses on disposal and revaluations of investments are charged or credited in the statement of financial activities.

Interest and dividends

Interest and dividends are shown inclusive of the tax credit which is recoverable by the fund and are brought into account in the year in which they are receivable.

Permanent endowment fund

The principal sum of £15,000, described as the Alexander Stone Foundation Fund, is unavailable for distribution among beneficiaries of the Benevolent Fund. However, any income accrued on this fund is available for distribution.

Restricted fund

Donations which are received subject to conditions imposed by the donor are classified as restricted funds.

Unrestricted funds

These funds are expendable at the discretion of the trustees in furtherance of the objectives of the charity.

Income

The charity welcomes donations from all sources. The majority of income is derived from donations from members of the Law Society of Scotland and Scottish Law Agents Society. Income is recognised when there is entitlement, probability of receipt and the value can be measured reliably.

Notes to the financial statements for the year ended 31 October 2017 (continued)

1. Accounting policies (continued)

Expenditure and irrecoverable VAT

The trustees review all applications for grants payable in the furtherance of the charity's objects twice a year. The principal aim is to distribute a significant proportion of annual income to needy beneficiaries. Grants are recognised when approved. All other expenditure is minimal and is categorised as either support costs (advertising and administration costs) or governance costs (audit fees). All expenditure includes irrecoverable VAT.

Taxation

The fund is recognised by HM Revenue & Customs as a charity for the purposes of section 505 of the Income and Corporation Taxes Act 1988 and is exempt from taxation on its charitable activities.

Cash and cash equivalents

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

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the financial statements for the year ended 31 October 2017 (continued)

2. Charitable activities in the year

	Unrestricted	Restricted	Total	2016
	£	£	£	£
Grants awarded	10,800	4,028	14,828	14,089
Governance costs	4,313	2,005	6,318	6,443
Total	15,113	6,033	21,146	20,532

Grants

Unrestricted

During the year, 19 grants were distributed to 11 individuals (2016 - 20 grants to 11 individuals totalling £10,000). The value of each payment was £600, except 2 payment of £300.

Restricted

During the year 5 grants were distributed to 5 individuals (2016 - 7 grants to 7 individuals totalling £4,088). The value of each payment ranged from £328 to £1000.

In the prior there was a restricted donation received of £7,500 which was the only restricted income.

Governance costs

Governance costs include amounts paid to the Scottish Law Agents Society for administering the funds and advertising fees for appealing for donations and applicants. It also includes the audit fee of £1,859 (2016 - £1,859). The restricted governance costs in 2016 were £2,070.

3. Related party transactions

The Law Society of Scotland

Two trustees of the Scottish Solicitors' Benevolent Fund are also employees of the Law Society of Scotland and two trustees are members of the Council of the Law Society of Scotland. At the year-end, nil was due from the Scottish Solicitors' Benevolent Fund to the Law Society of Scotland (2016 - £10,015) and nil (2016 - nil) due from the Law Society of Scotland to the Scottish Solicitors' Benevolent Fund.

Scottish Law Agents Society

Four trustees of the Scottish Solicitors' Benevolent Fund are also office bearers of the Scottish Law Agents Society. During the year, payments for services amounting to £2,155 (2016 - £2,155) were made to the Scottish Law Agents Society.

The charity is administered by the Law Society of Scotland and the Scottish Law Agents Society. The costs for administration including the external audit of the charity are charged to the Scottish Solicitors' Benevolent Fund. Governance costs include amounts paid to the Scottish Law Agents Society for administering the funds and advertising fees for appealing for donations and applicants. Law Society of Scotland provides administration services to the charity for no consideration.

Notes to the financial statements for the year ended 31 October 2017 (continued)

4. Staff costs

The charity has no employees in either the current or previous year. The trustees (who are considered to be key management) received neither emoluments nor reimbursement of expenses in either the current or previous year.

5. Investments

	2017 £	2016 £
Market value at the beginning of the year	246,862	242,611
Additions during the year	41,760	239,551
Proceeds on disposals during the year	(32,704)	(256,473)
Realised (loss)/gain	1,161	(487)
Unrealised gain/(loss)	20,684	21,660
Market value at the end of the year	<u>277,763</u>	<u>246,862</u>

6. Total assets

Total assets are held as follows:

	Unrestricted funds £	Restricted funds £	Permanent endowment fund £	2017 Total £
Investments	262,763	-	15,000	277,763
Cash at bank and in hand	(8,673)	57,861	-	49,188
Sundry creditors	(3,058)	-	-	(3,058)
	<u>251,032</u>	<u>57,861</u>	<u>15,000</u>	<u>323,893</u>
	Unrestricted funds £	Restricted funds £	Permanent endowment fund £	2016 Total £
Investments	231,862	-	15,000	246,862
Cash at bank and in hand	15,982	56,394	-	72,376
Sundry creditors	(12,367)	-	-	(12,367)
	<u>235,477</u>	<u>56,394</u>	<u>15,000</u>	<u>306,871</u>

Restricted funds comprise funds received from the Tod Endowment Fund, a charity registered in Scotland. The fund is available for distribution among necessitous Scottish solicitors for the provision of holiday relief to be taken within Scotland. Charges for advertisements and administrative costs can be applied to the fund.

The permanent endowment fund represents the Alexander Stone Foundation Fund. The income derived from this endowment is recognised in unrestricted funds.