

Law Society of Scotland Education Foundation

Report and Financial Statements for the period 1 June 2017 to 31 October 2018

SCIO Charity registration number SC04654

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Trustees' Report

The trustees have pleasure in submitting the trustees' report and financial statements for the Foundation covering the 17 month period from 1 June 2017 until 31 October 2018. The trustees extended the current financial period to bring the accounting year-end into line with the other entities associated with the Law Society of Scotland. This measure simplifies the administration of the fund, which is done by the Law Society of Scotland.

Charity name

Law Society of Scotland Education Foundation also known as Lawscot Foundation

Charity registration number

SC046547

Registered office

Atria One
144 Morrison Street
Edinburgh EH3 8EX

Trustees

Christine McLintock
John Dye
Yvonne Evans
Lord Ericht
Gordon Jackson QC
Gavin McEwan
Graham Robertson
Kevin Timlin
The Rt Hon James Wolffe QC
Laura Butcher (joined October 2017)

Governing document

The Foundation is a charitable trust and is governed by its constitution.

Bankers

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

Independent Auditor

BDO LLP
Citypoint
65 Haymarket Terrace
Edinburgh, EH12 5HD

Trustees' Report (ctd.)

Structure, governance and management

The charity is governed by its constitution. 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 Trustees meet periodically and make all of the significant decisions in relation to the charity; day-to-day administration is delegated to staff at the Law Society of Scotland

Objectives, activities and achievements

The purposes of the Law Society of Scotland Education Foundation are:-

- (i) to provide bursaries to new law students studying for their Scots law degree and/or Diploma in Professional Legal Practice, or such other qualifications as may replace the same from time to time, who, by reason of financial hardship, would benefit from financial support to help fund student fees and associated costs;
- (ii) to further promote and develop the education of law students receiving bursaries from the Scottish Charitable Incorporated Organisation (SCIO) by establishing and operating a mentoring scheme, linking bursary recipients with experienced Scottish solicitors in order to offer bursary recipients guidance, advice, support and encouragement;
- (iii) to support, promote, fund and/or undertake related research, in areas such as (but not limited to) widening access to students to study for their Scots law degree and/or Diploma in Professional Legal Practice and entering into the solicitor profession; and
- (iv) to promote similar charitable purposes, objects or institutions in such proportions and manner as the Trustees think fit.

In 2018 the Foundation supported 9 students to bring the total being supported to 17. Further information on the Foundations' achievements are contained in the 2018 Lawscot Foundation Annual Report. The 2018 Lawscot Foundation Annual Report does not form part of these financial statements and can be found on the Lawscot Foundation website.

Trustee recruitment and induction

Four additional trustees were recruited on 5 June 2017 following a public advertisement on the Goodmoves website, the Law Society of Scotland website and via the Law Society of Scotland's social media accounts. Applications were shortlisted by the Chair of the trustees and Law Society of Scotland staff and then interviewed by the Chair of the trustees and the Law Society of Scotland's Executive Director of Education, Training and Qualifications. A further trustee was appointed on 9 August as the Law Society of Scotland's nominee following an internal Law Society of Scotland advertisement and consideration of applications by two members of the Senior Management Team whose teams did not include any of the applicants.

All trustees received an induction pack, including the OSCR documents relating to the duties of a trustee; the Lawscot Foundation constitution; and copies of the application form for funding from the Foundation and the report required from schools.

Trustees' Report (ctd.)

Grants policy

With consideration to the aim of the fund, potential beneficiaries are invited to complete an application form and submit it to the trustees for consideration.

Students meet the eligibility criteria for application if they:

- Have an offer to study law (LLB) at a Scottish university starting in the coming year
- Meet the income threshold (parental/guardian total annual income under £34,000) or their circumstances mean they would be unable to attend university due to their financial situation
- Are currently at school, or have left school within the last two years (but not currently attending university)

In reviewing applications, trustees consider whether candidates:

- Are in receipt of free school meals
- Receive an Education Maintenance Allowance
- Attend a low progression school
- Are the first in their family to attend university
- Are from the 20% or 40% most deprived postcodes in Scotland
- Are eligible for the full Student Awards Agency for Scotland (SAAS) loan and bursary amount
- have been 'looked after' or in care at any point
- are or have been a young carer

With consideration to the aim of the fund, potential beneficiaries are invited to complete an application form and submit it to the trustees for consideration. Lawscot Foundation bursaries are awarded for the duration of the undergraduate course. Bursary recipients will be required to demonstrate that they are progressing from year to year and meeting a high academic standard and will be expected to provide the trustees with a report each year with details of their progress. Bursaries will be paid in two instalments, in October and January of each academic year.

Financial review

The Trust's total income for the period was £90,818 (2017- £292,269). Expenditure was £224,471 (2017 - £7,285 which includes grant commitments for the duration of the courses of each student awarded support. This includes grants paid in the current year along with those awarded for future years.

Reserves policy

The Trustees monitor reserves in relation to commitments given. For this purpose, the Trustees aim to maintain cash and investments of at least £100,000 after commitments have been deducted. This is made with reference to future projections of donations and funding commitments and would support 8 students for the duration of their course. Reserves for the period to 31 October 2018 were £131,051 (2017 - £248,984) which is above the reserve policy lower limit. The reserves are monitored by the Trustees at each meeting.

Risk policy

The trustees examine the operational and business risks that the charity faces and take steps to mitigate any significant risks. The principal risk is financial and exposure to stock market fluctuations which in turn impacts on reserves. In the opinion of the Trustees such risk is being monitored adequately with reference to the balance between cash and sums invested, and the risk profile of the investment portfolio.

Investment policy

Investments will be operated under delegated powers by investment brokers appointed by the trustees and risks of fluctuations in capital values balanced with a long term outlook.

Trustees' Report (ctd.)

Going concern

The trustees have taken into account future funding commitments together with existing liquid assets and fundraising initiatives in considering the charity to be a going concern.

Plans for future periods

The trustees intend to provide support to beneficiaries in accordance with the objectives of the charity.

Disclosure of information to auditor

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

Christine McLintock

Trustee

Date

Statement of trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005. They are 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's Report

Opinion

We have audited the financial statements of Law Society of Scotland Education Foundations ("the Charity") for the period ended 31 October 2018 which comprise the statement of financial activities, the balance sheet 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 Financial Reporting Standard 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 2018 and of its incoming resources and application of resources for the period 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.

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 Charity in accordance with the ethical requirements 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 related 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 matter

The comparative information presented in these financial statements as at, and for the period ended, 31 May 2017, is derived from financial information which has not been audited.

Independent Auditor's Report (ctd.)

Other information

The other information comprises the information included in the Trustees' Report, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- proper accounting records have not been kept; or
- 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 statement, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report (ctd.)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://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 Charity's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP, statutory auditor
Edinburgh, UK
Date:

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

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of financial activities

for the period ended 31 October 2018

		17 month period ending 31 October 2018			13 month period ending 31 May 2017
	Note	Unrestricted £	Restricted £	Total £	Total £
Income from:				£	
Investment		2,292	-	2,292	-
Donations		73,526	15,000	88,526	282,269
Sponsorship		-	-	-	10,000
Total income	2	75,818	15,000	90,818	292,269
Expenditure on:					
Raising Funds		(5,069)	-	(5,069)	(1,174)
Charitable activities		(219,402)	-	(219,402)	(6,111)
Total expenditure	3	(224,471)	-	(224,471)	(7,285)
Net (losses)					
Net realised (loss) on disposal of investments		(165)	-	(165)	-
Net unrealised (loss) on investments		(5,115)	-	(5,115)	-
Net movement in funds		(153,933)	15,000	(138,933)	284,984
Balance brought forward 1 June 2017		284,984	-	284,984	-
Balance carried forward 31 October 2018		131,051	15,000	146,051	284,984

All of the charity's activities are continuing.

The notes on pages 13 to 17 form part of these financial statements.

Balance sheet

as at 31 October 2018

		31 Oct 2018	31 May 2017
	Note	£	£
Fixed assets			
Investments	5	176,659	-
Current assets			
Debtors		432	-
Cash at bank and in hand		143,490	292,154
		<u>143,922</u>	<u>292,154</u>
Liabilities			
Creditors: amounts falling due within one year	6	(44,530)	(7,170)
Net current assets	7	<u>276,051</u>	<u>284,984</u>
Creditors: amounts falling due after more than one year	6	(130,000)	-
Net assets		<u>146,051</u>	<u>284,984</u>
Represented by:			
Restricted Funds	8	15,000	-
Unrestricted Funds		131,051	284,984
Total funds		<u>146,051</u>	<u>284,984</u>

Approved by the trustees on

and signed on their behalf by:

Christine McLintock,

Trustee

The notes on pages 13 to 17 form part of these financial statements.

Notes to the financial statements

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 financial statements are compliant with the charity's constitution, 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 and are rounded to the nearest £1.

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. The most significant areas of adjustments and key assumptions which affect items in the financial statements are to do with estimating the liability from multi-year grant commitments. The trustees have taken into account such commitments in considering the charity to be a going concern.

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

Income is recognised when there is entitlement, probability of receipt and the value can be measured reliably. 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.

Expenditure and irrecoverable VAT

Grants to beneficiaries are recognised when approved. All other expenditure is categorised as either those for generating funds and charitable activities. All expenditure includes irrecoverable VAT. Grants are offered in the form of an annual bursary over four years, covering each year of the degree and the postgraduate diploma.

Grants are made subject to the applicant's financial circumstances. When a grant commitment is made the liability is reflected in the financial statements in full for the duration of the course.

Notes to the financial statements for the period ended 31 October 2018 (ctd.)

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.

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.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

In preparing these financial statements, the trustees have made the judgement that the grants awarded will be paid for the duration of the beneficiary's approved period of study. There are no sources of estimation uncertainty.

2. Income

	Unrestricted	Restricted	31 Oct 2018 Total	Unrestricted	Restricted	31 May 2017 Total
	£	£	£	£	£	£
Investment	2,292	-	2,292	-	-	-
Donations	73,526	15,000	88,526	282,269	-	282,269
Sponsorship	-	-	-	10,000	-	10,000
Total	75,818	15,000	90,818	292,269	-	292,269

Notes to the financial statements for the period ended 31 October 2018 (ctd.)

3. Expenditure

Raising Funds			31 Oct 2018			31 May 2017
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Support Costs	5,069	-	5,069	1,174	-	1,174
Total	5,069	-	5,069	1,174	-	1,174

Charitable Activities			31 Oct 2018			31 May 2017
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Support Costs	2,335	-	2,335	6,111	-	6,111
Mentor Program	4,400	-	4,400	-	-	-
Travel for grant recipients	167	-	167	-	-	-
Grants Awarded	212,500	-	212,500	-	-	-
Total	219,402	-	219,402	6,111	-	6,111

During the period grants were awarded to an additional 17 individuals (2017:£nil individuals). The amount distributed to the 17 individuals in the period was £40,000 (2017:£nil)

Analysis of Support Costs	Unrestricted Funds		31 Oct 2018	Unrestricted Funds		31 May 2017
	Raising Funds	Charitable Activity	Total	Raising Funds	Charitable Activity	Total
	£	£	£	£	£	£
Finance	1,054	-	1,054	574	-	574
Governance	660	-	660	600	-	600
Investment Management fee	1,555	-	1,555	-	-	-
Web Services	-	1,548	1,548	-	5,706	5,706
Marketing activities	-	787	787	-	405	405
Audit fee	1,800	-	1,800	-	-	-
	5,069	2,335	7,404	1,174	6,111	7,285

4. Employment 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.

Notes to the financial statements for the period ended 31 October 2018 (ctd.)

A number of staff employed by the Law Society of Scotland provide general support for the charity's fund raising and administrative functions. However, the value of donated services in monetary terms cannot be reliably measured and are therefore not included in these financial statements.

5. Investments

	31 Oct 2018 Total £	31 May 2017 Total £
Market value at the beginning of the period	-	-
Additions during the period	185,984	-
Disposals at opening market value	(4,210)	-
Unrealised (loss)/gain	(5,115)	-
Market value at the end of the period	176,659	-

The investment portfolio was opened in the 17 month period to 31 October 2018. The historical cost of listed investments at 31 October was £181,744 (2017 - £nil). The listed investments are valued monthly to market value (bid price).

As at 31 October 2018 the assets were allocated into the following categories

	31 Oct 2018 %	31 May 2017 %
Equities	59.31	-
Fixed Interest	17.13	-
Alternative Assets	10.17	-
Cash	9.69	-
Property	3.70	-
	100.00	-

There are no holdings representing more than 5% of the total portfolio value.

6. Creditors

	31 Oct 2018 £	31 May 2017 £
Accruals	1,958	-
Grants Outstanding	42,500	-
Due to Law Society of Scotland	72	7,170
	44,530	7,170
Grants due after 1 year	130,000	-

Notes to the financial statements for the period ended 31 October 2018 (ctd.)

Reconciliation of Grants	31 Oct 2018 Total £	31 May 2017 Total £
Brought forward	-	-
Awarded in period	(212,500)	-
Paid out in period	40,000	-
Closing	(172,500)	-
Represented by:		
Less than 1 year	42,500	-
More than 1 year	130,000	-
	172,500	-

7. Total assets

	Unrestricted £	Restricted £	31 Oct 2018 Total £	Unrestricted £	Restricted £	31 May 2017 Total £
Investments	176,659	-	176,659	-	-	-
Cash at bank and in hand	128,490	15,000	143,490	292,154	-	292,154
Debtors	432	-	432	-	-	-
Creditors	(44,530)	-	(44,530)	(7,170)	-	(7,170)
	261,051	15,000	276,051	284,984	-	284,984

8. Restricted Funds

	Faculty of Advocates £	Kirk Murdoch Scholarship £	31 Oct 2018 Total £	Faculty of Advocates £	Kirk Murdoch Scholarship £	31 May 2017 Total £
Opening Balance	-	-	-	-	-	-
Income	12,500	2,500	15,000	-	-	-
Expenditure	-	-	-	-	-	-
Closing	12,500	2,500	15,000	-	-	-

Restricted funds comprise £12,500 received from the Faculty of Advocates, a members organisation for Advocates practising within Scotland. The fund is available to provide financial support for 1 student over 5 years of their traineeship. £2500 was also received from the Kirk Murdoch Scholarship. This is an annual bursary will allow the foundation to support 1 extra student per year. There were no grants awarded from the restricted funds before 31 October 2018