

# Scottish Solicitors'

# Benevolent Fund

Annual Report and Financial Statements for the year ended 31 October 2018

Charity registration number SC000258

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## Trustees' Report

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The trustees have pleasure in submitting their annual report and financial statements for the year ended 31 October 2018.

### 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

Alison Attack	(President)
John Mulholland	(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

BDO LLP  
Citypoint  
65 Haymarket Terrace  
Edinburgh, EH12 5HD

### 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 18 grants were distributed to 11 individuals (2017 - 19 grants to 11 individuals) from general funds, and 4 grants were distributed to 4 individuals (2017 - 5 grants to 5 individuals) from the Tod Endowment restricted fund.

### Financial review

The Trust's total income for the year was £20,383 (2017- £19,117). Contributions totalling £7,500 from the Tod Endowment Fund had been received in 2018.

There was a net decrease in funds of £9,210 in the year (2017– net increase £17,022). Total funds at 31 October 2018 stood at £314,683 (2017 - £323,893), of which unrestricted funds were £238,412 (2017 - £251,032).

#### Reserves policy

The Trustees have considered the level of free reserves required by the Fund should be sufficient to generate investment income of at least £10,000 per annum in order to minimise reductions in capital from charitable expenditure. On this basis at 31 October 2018 the projected yield from reserves met this target. Reserve levels are monitored at each meeting. At 31 October the free reserves were £238,412 (2017 – £251,032).

#### 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 charity's auditors are aware of that information.

#### Auditors

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

By order of the Trustees

Philip Yelland  
Trustee

Date

## Trustees' responsibilities

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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 to Trustees of Scottish Solicitors' Benevolent Fund

### Opinion

We have audited the financial statements of Scottish Solicitors' Benevolent Fund ("the Charity") for the year ended 31 October 2018 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 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 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.

### 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.

## Independent Auditor's Report to Trustees of Scottish Solicitors' Benevolent Fund (ctd.)

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### 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 to Trustees of Scottish Solicitors' Benevolent Fund (ctd.)

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### 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 year ended 31 October 2018

		Unrestricted	Restricted	Endowment	2018	2017
		£	£	£	£	£
<b>Income:</b>						
Investment income		10,129	-	-	10,129	9,948
Donations		2,754	7,500	-	10,254	9,169
<b>Income</b>	2	12,883	7,500	-	20,383	19,117
<b>Expenditure:</b>						
Raising funds	3	(5,247)	(955)	-	(6,202)	(9,112)
Charitable activities	3	(11,100)	(3,135)	-	(14,235)	(14,828)
Expenditure		(16,347)	(4,090)	-	(20,437)	(23,940)
<b>Net (losses)/gains</b>						
Net realised (loss)/gain on disposal of investments		(280)	-	-	(280)	1,161
Net unrealised (loss)/gain on investments	6	(8,876)	-	-	(8,876)	20,684
Net movement in funds		(12,620)	3,410	-	(9,210)	17,022
Balance brought forward at 1 November		251,032	57,861	15,000	323,893	306,871
<b>Balance carried forward at 31 October</b>		<b>238,412</b>	<b>61,271</b>	<b>15,000</b>	<b>314,683</b>	<b>323,893</b>

The notes on pages 12 to 18 form part of these financial statements.

## Balance sheet

as at 31 October 2018

	Note	2018 £	2017 £
<b>Fixed Assets</b>			
Investments at market value	5	290,902	277,763
<b>Current Assets</b>			
Cash at Bank and on deposit		25,933	49,189
Debtors		300	-
		<u>26,233</u>	<u>49,189</u>
<b>Liabilities</b>			
Creditors: amounts falling due within one year		<u>(2,452)</u>	<u>(3,059)</u>
<b>Net Current Assets</b>		23,781	46,130
<b>Net Assets</b>	6	<u>314,683</u>	<u>323,893</u>
<b>Represented by:</b>			
Unrestricted Funds		238,412	251,032
Restricted funds		61,271	57,861
Permanent Endowment Fund		<u>15,000</u>	<u>15,000</u>
Total funds		<u>314,683</u>	<u>323,893</u>

The financial statements were approved by the trustees on behalf by:

and were signed on their

Philip Yelland  
Trustee

The notes on pages 12 to 18 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 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

The Trustees have examined the amount of free reserves available and determined that there are sufficient funds to comply with the reserves policy. 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. However, any income accrued from Investments on this fund is available for distribution.

#### Unrestricted funds

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

## Notes to the financial statements( ctd.)

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### 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.

### 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( ctd.)

### 2. Income

2018	Unrestricted funds	Restricted funds	Total
	£	£	£
Investment Income	10,129	-	10,129
Donations	2,754	7,500	10,254
Total	12,883	7,500	20,383

2017	Unrestricted funds	Restricted funds	Total
	£	£	£
Investment Income	9,948	-	9,948
Donations	1,669	7,500	9,169
Total	11,617	7,500	19,117

A restricted donation of £7,500 was received for the Tod Endowment Fund.

### 3. Expenditure

Raising Funds 2018	Unrestricted funds	Unrestricted funds	Total
	£	£	£
Support Costs	5,247	955	6,202
Total	5,247	955	6,202

Raising Funds 2017	Unrestricted funds	Restricted funds	Total
	£	£	£
Support Costs	7,107	2,005	9,112
Total	7,107	2,005	9,112

## Notes to the financial statements( ctd.)

### 3. Expenditure (ctd.)

Charitable Activities 2018	Restricted funds	Permanent endowment fund	Total
	£	£	£
Grants Awarded	11,100	3,135	14,235
Total	11,100	3,135	14,235

Charitable Activities 2017	Unrestricted funds	Restricted funds	Total
	£	£	£
Grants Awarded	10,800	4,028	14,828
Total	10,800	4,028	14,828

Analysis of Support Costs 2018	Unrestricted funds	Restricted funds	Total
	£	£	£
Governance	35	955	990
Investment management fee	2,997	-	2,997
Audit fee	2,215	-	2,215
Total	5,247	955	6,202

Analysis of Support Costs 2017	Unrestricted funds	Restricted funds	Total
	£	£	£
Governance	2,394	2,005	4,399
Investment management fee	2,794	-	2,794
Audit fee	1,919	-	1,919
Total	7,107	2,005	9,112

#### Unrestricted funds

During the year, 18 grants were distributed to 11 individuals totalling £11,100 (2017 – 19 grants to 11 individuals totalling £10,800).

#### Restricted funds

During the year 4 grants were distributed to 4 individuals totalling £3,135 (2017 - 5 grants to 5 individuals totalling £4,028).

#### 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.

## Notes to the financial statements( ctd.)

### 3. Expenditure (ctd.)

#### Donated services

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.

### 4. Related party transactions

#### 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 (2017 - £nil) and nil (2017 - 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.

### 5. 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

### 6. Investments

	2018	2017
	£	£
Market value at the beginning of the year	277,763	246,862
Additions	31,267	41,760
Disposals at opening market value	(9,252)	(31,543)
Unrealised (loss)/gain	(8,876)	20,684
Market value at the end of the year	290,902	277,763

The historical cost of the listed investments at 31 October 2018 was £264,828 (2017 - £238,357). The listed investments are valued monthly to market value (mid-market closing value).



## Notes to the financial statements( ctd.)

### 6. Investments (ctd.)

	2018 %	2017 %
Equities	55.56	54.69
Fixed Interest	26.45	22.24
Alternative Assets	7.26	7.16
Property	7.19	7.38
Cash	3.54	8.53
	<u>100.00</u>	<u>100.00</u>

At 31 October 2018 there were no holdings representing more than 5% of the total portfolio value.

At 31 October 2017 Investments representing more than 5% of the portfolio were:

Maitland Instl Svc MI Twentyfour Am Dynamic BD	5.06%
M&G Securities Ltd Gbl Fr High Yld TGBP I-h Inc	5.01%

### 7. Net Assets

2018	Unrestricted funds £	Restricted funds £	Permanent endowment fund £	Total £
Investments	214,631	61,271	15,000	290,902
Cash at bank	25,933	-	-	25,933
Debtors	300	-	-	300
Creditors	(2,452)	-	-	(2,452)
	<u>238,412</u>	<u>61,271</u>	<u>15,000</u>	<u>314,683</u>

The funds are not separately ringfenced but form part of the overall assets. Consequently current assets are all treated as unrestricted. The Restricted and Permanent Endowment Funds are included as part of the investment portfolio and can be realised if required.

## Notes to the financial statements( ctd.)

### 7. Net Assets (ctd.)

2017	Unrestricted funds	Restricted funds	Permanent endowment fund	Total
	£	£	£	£
Investments	204,902	57,861	15,000	277,763
Cash at bank	49,189	-	-	49,189
Debtors	-	-	-	-
Creditors	(3,059)	-	-	(3,059)
	251,032	57,861	15,000	323,893

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 income derived from funds held is recognised in unrestricted funds.

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