

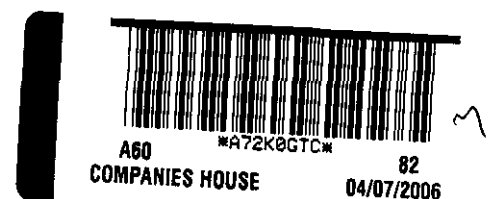
The Law Society Trustees Limited

(Company Registration No: 1191460)

The Law Society Charity

(Registered Charity No. 268736)

Report and Financial Statements **5 April 2006**



Report and financial statements

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Directors' report

The directors of The Law Society Trustees Limited (the "company") present their report and audited financial statements for the year ended 5 April 2006. The company qualifies as a small company, and consequently is exempt from preparing an enhanced business review.

Constitution

The company is a company limited by guarantee, not having a share capital. By its Articles, membership is limited to the Law Society of England and Wales and to such persons as shall be proposed for membership by the Board of Directors.

The registered address of the company is 113 Chancery Lane, London, WC2A 1PL.

Principal activities

The company is at present solely engaged in acting as Trustee of a Trust Fund known as The Law Society Charity, created by a Trust Deed of 11 December 1974 made between the Law Society and the company. The Law Society Charity is a registered charity (no. 268736). The present income of The Law Society Charity is derived mainly from donations made by the Law Society and The Law Society Services Limited under deed of covenant and the Gift Aid legislation.

This income is disbursed in furtherance of the charitable objects expressed in clauses 4 and 5 of the said Trust Deed of 11 December 1974 and in the Memorandum of Association of the company. In doing so, the company acts independently of the Law Society. By its Memorandum of Association, any profit or gain the company makes of any kind is to be applied to The Law Society Charity.

Financial statements of The Law Society Charity

In addition, there are attached to this report the audited financial statements of The Law Society Charity for the year ended 5 April 2006 (pages 18 to 24).

The future

The company intends to continue to act as Trustee of The Law Society Charity for the foreseeable future.

Directors

The directors who served throughout the year, except as noted, were:

Nigel W Dodds	Chairman
Deepak Malhotra	(resigned 15 March 2006)
Sara Chandler	
Deborah Annetts	
Cyril Glasser	(resigned 14 December 2005)
Robert M C Venables	
Michael Mathews	
Andrew Caplen	(resigned 15 March 2006)

The Law Society Trustees Limited

Helen Davies

David Merkel

Geoffrey Sandercock

Edward Solomons (resigned 14 December 2005)

Ben Rigby

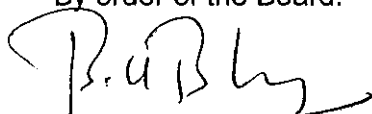
Clive Grenyer

Richard Barnett (appointed 14 December 2005)

Malcolm Fowler (appointed 14 December 2005)

The Articles of Association provide that one third of the directors or, if the relevant number is not three or a multiple of three, then the number nearest one third, who have served for the longest periods since their election, shall retire at the Annual General Meeting ('AGM') in each year. If the number of qualifying directors exceeds this, the Chairman draws lots at the AGM to decide who is to retire out of the directors who have served for the longest time. Mr Mathews, Mrs Davies, Ms Chandler and Ms Annetts retire and being eligible offer themselves for re-election.

By order of the Board.



Bill Bilimoria

Company Secretary

5 JUNE 2006

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditor's report to the members of The Law Society Trustees Limited

We have audited the financial statements of The Law Society Trustees Limited for the year ended 5 April 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 4. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

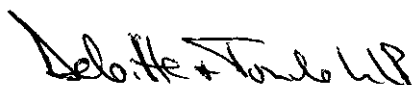
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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 the company's affairs as at 5 April 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

12 June 2006

The Law Society Trustees Limited

Profit and loss account for year ended 5 April 2006

	Notes	2006 £	2005 £
Turnover	1	10,000	18,200
Administrative expenses		<u>(7,622)</u>	<u>(14,724)</u>
Operating profit and profit on ordinary activities before and after taxation	2	2,378	3,476
Profit and loss account brought forward		<u>3,619</u>	<u>143</u>
Profit and loss account carried forward		<u><u>5,997</u></u>	<u><u>3,619</u></u>

The above results relate to continuing operations.

There are no recognised gains or losses other than as stated above. Accordingly, no statement of total recognised gains and losses is given.

The Law Society Trustees Limited

Balance sheet at 5 April 2006

	2006 £	2005 £
Current assets		
Cash at bank	7,247	1,161
Debtor – The Law Society	-	2,458
	<hr/>	<hr/>
Total current assets	7,247	3,619
	<hr/>	<hr/>
Current liabilities		
Creditor – The Law Society	(1,250)	-
	<hr/>	<hr/>
Total current liabilities	(1,250)	-
	<hr/>	<hr/>
Net assets	5,997	3,619
	<hr/>	<hr/>
Represented by:		
Profit and loss account	5,997	3,619
	<hr/>	<hr/>

These financial statements were approved by the Board of The Law Society Trustees Limited on 26 April 2006 and signed on behalf of the board.

Nigel W Dodds

Director

5 JUNE 2006



Notes to the accounts for year ended 5 April 2006

1. Accounting policies

The financial statements have been prepared in accordance with United Kingdom law and accounting standards and are consistently applied in both years. The particular accounting policies adopted are described below:

(i) Accounting convention

The financial statements are prepared under the historical cost convention.

(ii) Turnover

Turnover relates to a donation from the Law Society for administrative expenses. Turnover is wholly derived within the United Kingdom.

(iii) Cash flow statement

The company qualifies as a small company and consequently the company is exempt under Financial Reporting Standard No. 1 (Revised) from the requirement to prepare a cash flow statement.

2. Profit on ordinary activities before and after taxation

Auditors' remuneration for audit services for the current and preceding financial year has been borne by The Law Society Charity.

3. Directors and employees

None of the directors received any remuneration for services as director during either the current year or the preceding financial year. There were no employees in either financial year.

4. Controlling party

The Law Society Trustees Limited's immediate controlling party is the Law Society, and the ultimate controlling party is the Council of the Law Society, which is elected by members of the legal profession.

Trustee's Annual Report

Name and registered office of the charity

The full name of the charity is The Law Society Charity (the "Charity") and its registered office and principal operating address is 113 Chancery Lane, London, WC2A 1PL.

Trustee

The Trustee of The Law Society Charity is The Law Society Trustees Limited, 113 Chancery Lane, London, WC2A 1PL.

The directors of The Law Society Trustees Limited (the "Trustee Company") who served throughout the year, except as noted, were:

Nigel W Dodds	Chairman
Deepak Malhotra	(resigned 15 March 2006)
Sara Chandler	
Deborah Annetts	
Cyril Glasser	(resigned 14 December 2005)
Robert M C Venables	
Michael Mathews	
Andrew Caplen	(resigned 15 March 2006)
Helen Davies	
David Merkel	
Geoffrey Sandercock	
Edward Solomons	(resigned 14 December 2005)
Ben Rigby	
Clive Grenyer	
Richard Barnett	(appointed 14 December 2005)
Malcolm Fowler	(appointed 14 December 2005)

Under the Articles of Association, directors are appointed by the Board. One third of the directors or, if the relevant number is not three or a multiple of three, then the number nearest one third, who have served for the longest periods since their election, shall retire at the Annual General Meeting in each year. Retiring directors are eligible for re-election.

Neither the Trustee company, nor any of its directors had any interests in The Law Society Charity, or received any direct benefits from the grants and donations made by it.

Bankers

Barclays Bank plc, 54 Lombard Street, London, EC3V 9EX.

The Law Society Charity

Solicitors

Bates Wells & Braithwaite, 2-6 Cannon Street, London, EC4M 6YH.

Auditors

Deloitte & Touche LLP, Hill House, 1 Little New Street, London, EC4A 3TR

Constitution

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:

1. the continuation and furtherance of legal education and the acquisition of legal knowledge by any charitable means;
2. the College of Law incorporated under the Companies Act 1948 and any other similar institution or body being itself a registered charity;
3. 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; and
4. 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.

Objects and policies

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; and
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. 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.

Independent auditor's report to the members of The Law Society Trustees Limited as a trustee of The Law Society Charity

We have audited the financial statements of The Law Society Charity for the year ended 5 April 2006, which comprise the accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and the related notes 1 to 7, which have been prepared under the accounting policies set out therein.

This report is made solely to the members of The Law society Trustees Limited company (the "Trustee"), as a body, in accordance with Regulation 7 of The Charities (Accounts and Reports) Regulations 2005. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditors' 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 Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditors

As described in the statement of Trustee's responsibilities, you are responsible as trustees for the preparation of the financial statements, which are required to be prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under s43 of the Charities Act 1993 and report in accordance with regulations made under s44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Charities Act 1993, Regulation 3 of the Charities (Accounts and Reports) Regulations 2005 and the trust deed.

We read the Trustee's Report and the Legal and Administrative Information and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

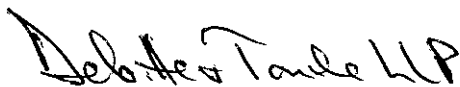
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

Opinion

In our opinion:

- the financial statements give a true and fair view of The Law Society Charity's state of affairs, in accordance with United Kingdom Generally Accepted Accounting Practice as at 5 April 2006 and of the its incoming resources and application of resources in the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993, Regulation 3 of the Charities (Accounts and Reports) Regulations 2005 and the Trust Deed made between The Law Society Charity and The Law Society Trustees Limited on 11 December 1974



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

12 June 2006

The Law Society Charity

Statement of financial activities for year ended 5 April 2006

	General Fund 2006 £	Designated Fund 2006 £	Restricted Fund 2006 £	Total 2006 £	Total 2005 £
Incoming resources					
Incoming Resources from Generated Funds					
<i>Voluntary Income:</i>					
The Law Society	-	-	2,710	2,710	1,002,500
CPE Board Funds	48,446	-	-	48,446	-
Other Donations	-	-	919	919	6,600
<i>Sub-total Voluntary Income</i>	48,446	-	3,629	52,075	1,009,100
<i>Investment Income:</i>					
Bank deposit interest receivable	106,477	-	-	106,477	140,987
<i>Sub-total Investment Income</i>	106,477	-	-	106,477	140,987
Total incoming resources	154,923	-	3,629	158,552	1,150,087
Resources expended					
Charitable activities					
<i>Grants:</i>					
The Law Society for Educational Purposes	-	-	-	-	1,143,000
Solicitors' Benevolent Association	80,000	-	-	80,000	80,000
The Citizenship Foundation	93,750	-	-	93,750	75,000
LawCare Limited	247,500	-	-	247,500	82,500
University of Bristol	15,000	-	-	15,000	15,000
Forest Peoples Project	20,000	-	-	20,000	10,000
Incorporated Council of Law Reporting	2,000	-	-	2,000	2,000
University of Cape Town Trust	10,000	-	-	10,000	5,000
Reprieve	5,000	-	-	5,000	5,000
Legal Action Group	5,000	-	-	5,000	7,500
Solicitors Pro Bono Group	30,000	-	-	30,000	15,000
BAILII	60,000	-	-	60,000	-
Fair Trials Abroad	10,000	-	-	10,000	-
Lawyers Christian Fellowship	2,500	-	-	2,500	-
Trainee Solicitors Group	7,000	-	-	7,000	-
The Law Society International Pakistan project	12,000	-	-	12,000	-
Royal Courts of Justice Advice Bureau	5,000	-	-	5,000	-
Voice for the Child in Care	4,900	-	-	4,900	-
London Young Solicitors Group	5,350	-	-	5,350	-
Reunite	1,000	-	-	1,000	-

The Law Society Charity

	General Fund 2006 £	Designated Fund 2006 £	Restricted Fund 2006 £	Total 2006 £	Total 2005 £
Gingerbread	4,000	-	-	4,000	-
London School of Economics	8,000	-	-	8,000	-
Devon & Exeter Law Society	2,500	-	-	2,500	-
Diversity Access Scheme	-	45,681	3,629	49,310	27,875
scholarships	-	-	-	-	2,500
Disability Law Service	-	-	-	-	6,400
Book Aid International	-	-	-	-	4,871
Terrence Higgins Trust	-	-	-	-	2,500
Values Into Action	-	-	-	-	3,000
Kurdish Human Rights	-	-	-	-	5,000
The Aire Centre	-	-	-	-	1,085
Sri Jyothirmai Seva Sangam	-	-	-	-	5,000
Sign	-	-	-	-	5,000
YouthNet UK	-	-	-	-	10,000
Howard League for Penal Reform	-	-	-	-	10,000
Stonewall	-	-	-	-	25,000
Rift Valley Justice Project	-	-	-	-	12,620
NSPCC	-	-	-	-	9,645
Justice	-	-	-	-	300
Legal Charities Garden Party	-	-	-	-	10,000
London Advice Services Alliance	-	-	-	-	-
Sub-total Grants	630,500	45,681	3,629	679,810	1,580,796
Governance Costs:					
Audit fee	1,660	-	-	1,660	1,400
Professional Advice	1,880	-	-	1,880	-
Sub-total Governance Costs:	3,540	-	-	3,540	1,400
Other resources expended:					
Sundries	500	-	-	500	158
VAT irrecoverable	-	-	-	-	245
Sub-total Other resources expended	500	-	-	500	403
Total resources expended	634,540	45,681	3,629	683,850	1,582,599
Net outgoing resources	(479,617)	(45,681)	-	(525,298)	(432,512)
Reconciliation of Funds					
Net movement in funds	(479,617)	(45,681)	-	(525,298)	(432,512)
Total funds brought forward	2,567,830	51,225	-	2,619,055	3,051,567
Total funds carried forward	2,088,213	5,544	-	2,093,757	2,619,055

The Law Society Charity

All activities derive from continuing operations.

The Charity has no recognised gains or losses for the current financial year or the preceding financial year other than those shown in the statement of financial activities and, accordingly, no statement of total recognised gains and losses has been prepared. There were no other movements in funds.

The Law Society Charity

Balance sheet as at 5 April 2006

	Notes	2006 £	2005 £
Current assets:			
Debtors	5	33,324	26,171
Cash at bank and in hand		2,337,616	2,658,380
Total Current Assets		<u>2,370,940</u>	<u>2,684,551</u>
Liabilities:			
Creditors: amounts falling due within one year	6	(174,683)	(65,496)
Net current assets		2,196,257	2,619,055
Creditors: amounts falling due after one year	6	(102,500)	-
Net assets		<u>2,093,757</u>	<u>2,619,055</u>
The Funds of the Charity:			
General Fund		2,088,213	2,567,830
Designated Fund	2	5,544	51,225
Restricted Funds		-	-
Total Charity Funds		<u>2,093,757</u>	<u>2,619,055</u>

These financial statements were approved by The Law Society Trustees Limited on 26 April 2006 and signed for and on behalf of The Law Society Trustees Limited – the Trustee:

Nigel W Dodds

Director of The Law Society Trustees Limited

5 JUNE 2006



Notes to the accounts for year ended 5 April 2006

1. Accounting policies

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005 – issued March 2005) and applicable United Kingdom accounting standards under the historic cost basis. The particular accounting policies adopted are described below.

Income

The donations under voluntary income represent the amounts receivable in respect of the year.

Bank interest is accounted for on a receivable basis, together with the related income tax recoverable.

Direct charitable activities

Direct charitable activities include all expenditure directly related to the objects of the charity and comprise grants. Support costs associated with grants are paid by The Law Society Trustees Ltd.

Grants payable

Grants represent the amounts authorised and committed by the Trustee, irrespective of whether those amounts have been paid to the recipients by the balance sheet date.

Cash flow statement

The company qualifies as a small company and consequently the company is exempt under Financial Reporting Standard No. 1 (Revised) from the requirement to prepare a cash flow statement

2. Designated fund and restricted fund

The Charity brought forward £51,225 earmarked for The Law Society Diversity Access Scheme ("DAS"). This is shown as the Designated Fund in the financial statements. In addition, donations received totalling £3,149 during this financial year shown as the Restricted Fund was also used towards the DAS. The DAS aims to provide financial support for talented but disadvantaged people who would not otherwise be able to study towards becoming a lawyer. Payments are first sourced from the Restricted Fund. Once this fund has been depleted, payments are made out of the Designated Fund. To date the scheme has funded tuition fees for 8 individuals. At year end, the balance of the Restricted Fund is nil and the balance of the Designated Fund is £5,544.

3. Information regarding employees and trustees

There were no employees during the year (2005 – 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 (2005 – nil).

During the year there were no expenses reimbursed to the Trustee (2005 – nil). Trustee expenses are borne by The Law Society Trustees Ltd.

The Law Society Charity

4. Taxation

The Charity is a registered charity and is not taxable on its gift or investment income. It does not trade. It is not liable to corporation tax on its surplus, so long as it is used for its charitable purposes.

5. Debtors

	2006 £	2005 £
Within one year		
Inland Revenue	18,289	26,171
Abbey National	245	-
The Law Society	5,916	-
Barclays Private Bank	8,874	-
	<u>33,324</u>	<u>26,171</u>

6. Creditors

In compliance with the SORP (2005), commitments where there is a constructive obligation are included in Creditors in the Balance Sheet and in Grants in the Statement of Financial Activities. In the 2005 accounts the commitments were shown separately as a note, and not included in the Statement of Financial Activities or the Balance Sheet.

	2006 £	2005 £
Within one year		
Book Aid International	-	6,400
NCPCC	-	12,620
Justice	-	9,645
Legal Charity Gardens party	-	300
Terence Higgins Trust	-	4,871
Solicitors Pro-bono Group	-	15,000
Reprieve	-	5000
London Advice Services Alliance	-	10,000
The Law Society	1,660	1,660
Manchester Metropolitan University	3,273	-
Westminster University	3,000	-
Devon & Exeter Law Society	2,500	-
London School of Economics	8,000	-
British and Irish Legal Information Institute	20,000	-
Law Care	82,500	-
Citizenship Foundation	18,750	-
Forest Peoples Project	10,000	-
University of Cape Town Trust	5,000	-
Fair Trials Abroad	5,000	-
Solicitors Pro Bono Group	15,000	-
Total within one year	174,683	65,496
After one year		
British and Irish Legal Information Institute	20,000	-
Law Care	82,500	-
Total after one year	102,500	-
	<u>277,183</u>	<u>65,496</u>

The Law Society Charity

7. Controlling party

The Law Society Charity's immediate controlling party is its Trustee, The Law Society Trustees Limited. The ultimate controlling party is the Council of the Law Society, which is elected by members of the legal profession.

The Law Society Charity

Recruitment and appointment of 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.

Induction and training of new trustees

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.

Organisational structure

The Board must have at least five members and no more than twenty. As at 5 April 2006, there were twelve members made up of six Council Members and six non-Council members.

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

Risk assessment

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

Investment powers

The Trust Deed of the Charity permits wide powers of investment of monies of the Charity not immediately required for its purposes. However, there is no power in the Deed for the Charity to undertake any permanent trading activities to raise funds to meet the objects of the Charity.

Review of financial transactions

During the year, the Charity received donations from the CPE Board and donors to the Diversity Access Scheme (Designated Fund). The Charity also received interest from bank deposits.

The Charity was able to make a number of grants and donations during the year. Awards were made of £247,500 to LawCare Limited, £93,750 to The Citizenship Foundation, £80,000 to the Solicitors' Benevolent Association, £60,000 to the British and Irish Legal Information Institute (BAILII), £20,000 to Forest Peoples Project, £15,000 to the University of Bristol, £30,000 to the Solicitors Pro-Bono Group, £12,000 to the Law Society in support of an International project in Pakistan, £10,000 to the University of Cape Town Trust, £10,000 to Fair Trials Abroad, £7,000 to the

The Law Society Charity

Trainee Solicitors Group, and £5,350 to the London Young Solicitors Group. Several other smaller awards were made of £5,000 or less.

Reserves, grant making policy and the future

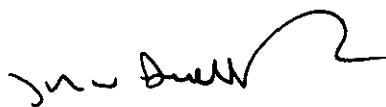
It is not the aim of the Charity to accumulate large cash balances; however, it has sufficient funds to meet its commitments to further funding. It is the aim of the Charity to continue to make grants and donations within the above objects and policies according to the income it receives.

By order of the Board of the Trustee.

Nigel W Dodds

Director

5 JUNE 2006



Statement of Trustee's responsibilities

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 incoming resources and application of the resources of the Charity for that period and of its state of affairs at the end of the year. In preparing financial statements giving a true and fair view, the trustee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed; and
- 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 which disclose with reasonable accuracy at any time the financial position of the Charity and which enable it to ascertain its financial position and to ensure that the financial statements comply with the Charities Act 1993, the Charities (Accounts and Reports) Regulations 2005 and the Trust Deed. It is also responsible for the system of internal control, for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.