



Trustees' Report and Accounts

For the year ended
31 December 2019

Solicitors Benevolent Association Limited
A charitable company limited by guarantee

registered in England & Wales number 6601907

Registered charity number 1124512

Contents

03	Chairman's Report
05	SBA's Vision Statement and Values
06	Beneficiary Statistics 2019
08	Trustees Report
14	Statements of Trustees Responsibilities
15	Auditors Report to the Members
19	Supporting the SBA
20	Statement of Financial Activities
21	Statement of Cash Flows
22	Balance Sheets
23	Notes to the accounts
32	Officers, Trustees and Area Representatives

Chairman's Report

As I write this report looking back at 2019, we are facing, in the Covid-19 pandemic one of the greatest challenges of recent decades. With a solid financial base and such a dedicated team, this Charity – your charity - is well placed to weather such times of challenge.

2019 was a year of ongoing strong delivery of support to solicitors in need or crisis and of development and progress in how we work. Crucially, we provided help of around £1million to our beneficiaries and we continue to strengthen the support we offer, particularly with partner organisations. Our financial picture was robust. There was a significant strengthening in the level of donated retained client balances by firms. We have also been fortunate to receive several generous legacies. Income from our investments and the value of our portfolio were both strong.

Leading up to 2019, there were a number of cases of prolonged ill health among the staff which gave rise to uncertainty. That uncertainty ended with the appointment of our new, permanent CEO, Nick Gallagher, in June 2019. He has already made a powerful and most welcome impact.

Our commitment to good governance remains undimmed. Terms of reference of our Board Committees have been amended expanding their remit where sensible. They provide effective scrutiny of the policy and operations of the Charity, reporting back regularly and making recommendations for action, to the full Board. During the year we have also reviewed financial controls and policies, together with risk management recording and a full health and safety review. We have also introduced a strengthened safeguarding policy to help keep beneficiaries, volunteers and staff safe.

We have expanded the delegation function within the Charity to allow more decision-making about ongoing and emergency awards to beneficiaries. This is managed within clearly defined parameters and scrutinised by the Awards Committee. The result has been quicker provision of help to our beneficiaries. It has been heartening to see staff “stepping up” to this new responsibility. Thank you. New Awards are still decided by the Awards Committee. Contentious awards are always reviewed at full Board level. Following a review of our practice Trustees confirmed that we would mainly focus use of secured loans to beneficiaries on the funding of services by third parties, for instance necessary adaptations to living arrangements to meet health and disability needs. Funds for day to day living costs are now only made by way of grant. This change is reflected in the reduction in the value of loans made in year.

During 2019 we also reviewed the way in which we engage volunteers in our work, tying this to our plans to improve the way we measure the impact our support has in the lives of the people we help. In future, Visitor Volunteers will help us understand the context in which our beneficiaries are living and to monitor positive changes brought about by our support, whilst Ambassador Volunteers will help us spread the word so that more solicitors know that we are here to help them.

During the year we commissioned a new Customer Relationship Management system and this is already helping us to strengthen our communications with donors and supporters. Improvements in our ability to manage applications efficiently and support beneficiaries and to report on our work are also close to fruition. It is vital that we continue to promote the work of the Charity so that solicitors in need or crisis come to us and the profession continues to support us. To this end, our ‘One Solicitor to Another’ campaign at the end of the year was part of a developing communications strategy supported by an expert external communications agency.

Looking forward, 2020 is a year in which we will take stock of more of our work (such as our income generation activities), further co-ordinate our activities with our key partners, embed our approach to impact measurement and boost our management information abilities, culminating in the agreement of a new, multi-year strategy.

The advent of the Covid-19 pandemic, however, presents many challenges and uncertainties both in how to act quickly to provide much needed support to solicitors in real and unexpected hardship and in maintaining a strong financial base. The creation of our £1 million Covid-19 Personal Hardship Fund is an ambitious solution to the challenge of solicitors finding themselves in unexpected need as a result of the crisis. This has only been made possible by a very strong financial position at the end of 2019, the result of many years of sound financial

management which we will use to inform our response to likely financial pressures. This Fund is in addition to the ongoing support to existing and new beneficiaries.

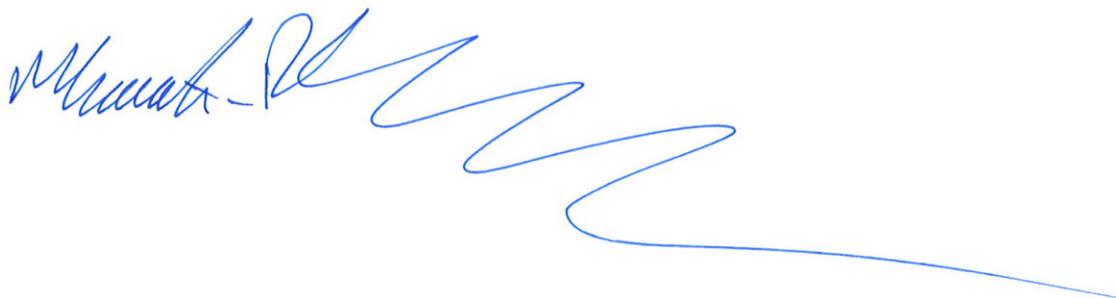
I want to pay tribute to the Charity's dedicated staff team and volunteers, including our committed trustees. They continue to work extremely hard to provide support to solicitors in need or crisis no matter what challenges are thrown their way.

I first became involved with The Solicitors' Charity (SBA as it was then more commonly known) as an articulated clerk over twenty years ago. My then Senior Partner made my support of the Charity a condition of being offered a job as a qualified solicitor. I am pleased he did. It has been my pleasure to serve in various positions and now as Chairman. If you know anyone who might also wish to serve, please ask them to make contact.

Far more important than this though, if you know of anyone who needs our help and support, let us know.

We are the profession's Charity and we are here to help.

Matthew Robbins, Chairman
11 June 2020

A handwritten signature in blue ink, appearing to read 'Matthew Robbins', followed by a long, sweeping horizontal line that extends across the right side of the page.

Our vision

All solicitors supported in times of need or crisis

Our mission

To secure our vision, we must

- **Support** solicitors and their dependants with financial, practical and emotional aid in times of need or crisis.
- **Collaborate** with our volunteers, partners and charities to ensure our beneficiaries can access the right support.
- **Engage** with the profession, sharing our experiences to build awareness of the issues facing solicitors and gain funding for our mission.

Our core values

We will work while holding true to our values:

- Non-judgmental
- Trustworthy
- Engaged
- Collaborative
- Understanding
- Professional

Beneficiary Statistics 2019

Thanks to the generosity of our supporters, SBA awarded

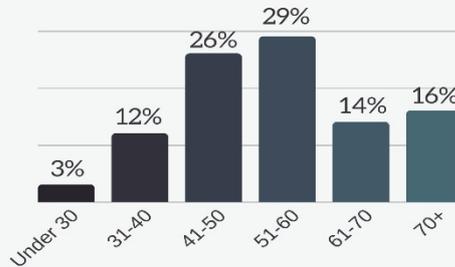
£1,026,801

to solicitors & their families in need

 **£943,342**
in grants

 **£83,459**
in interest-free loans

70% aged 60 or under



88%
are qualified solicitors

12%
are their dependants

2 in 3 have health issues



32%

have poor mental health



17%

have a serious/long term condition

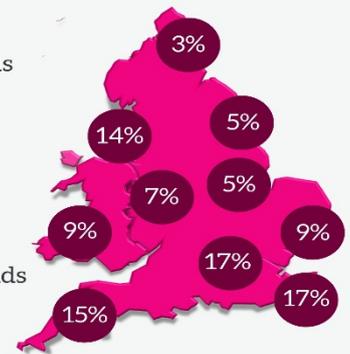


31%

have multiple health issues

No health issue - 19%

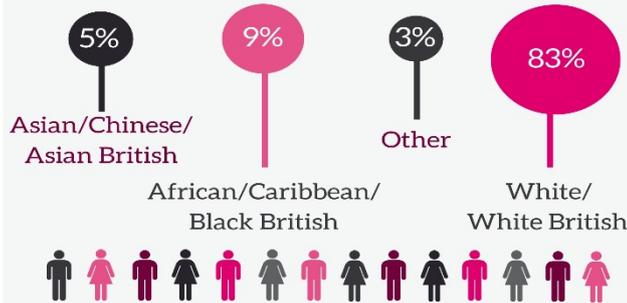
- 9% East
- 5% East Midlands
- 17% London
- 3% North East
- 14% North West
- 17% South East
- 15% South West
- 9% Wales
- 7% West Midlands
- 5% Yorks & Humberside



have dependent children at home. Of these, half are lone parents

 were homeless or temporarily living with relatives
8%

Ethnic Diversity



15 beneficiaries received career coaching via Renovo



69 beneficiaries received assistance from Citizen's Advice Manchester

225 solicitors received emotional support & guidance via LawCare funded by SBA

LawCare
Supporting the Legal Community

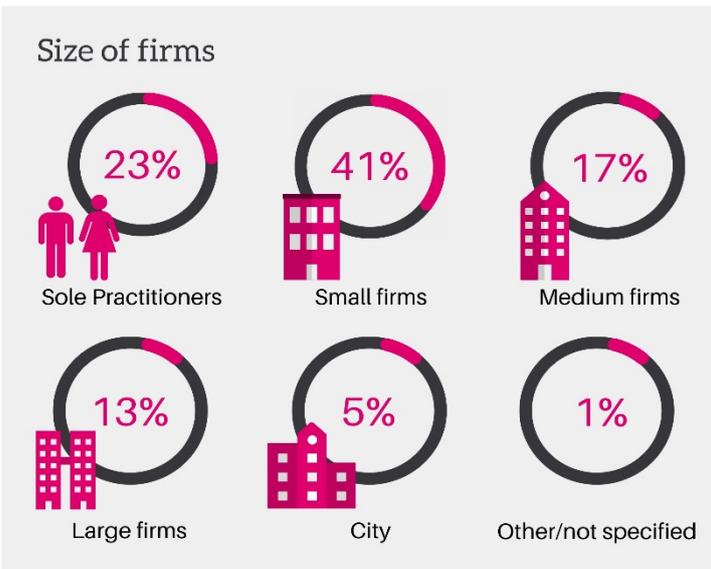
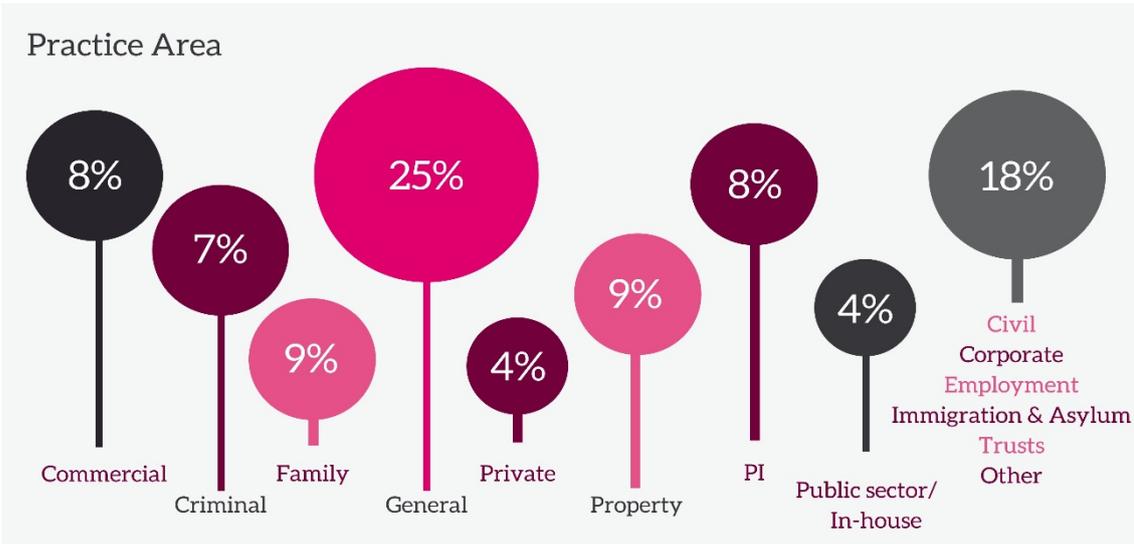
 020 8675 6440

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 www.sba.org.uk

 @SBACHarity

Professional Characteristics 2019



Beneficiary quotes

I am so grateful and will enjoy a really cosy winter without too much economy on the heating

I'm really pleased to be making a return to the profession something I thought would never happen

Thank you to your caseworker for her time and kindness over the telephone



Trustees' Report

Introduction

The Solicitors Benevolent Association (SBA), originally instituted in 1858, was incorporated as a charitable company limited by guarantee in 2008. In October 2010, a new operating name of "SBA The Solicitors' Charity" was adopted. The Articles of Association specify a minimum of ten trustees as directors of the company, all of them to be members of the company. Most will be solicitors or former solicitors but in a recent change the Articles now permit up to three non-solicitor trustees at any one time. In the event of dissolution of the company each member bears a maximum liability of £10. In 2019, between thirteen and fifteen trustees were in post of whom all but one were solicitors.

The objects of the SBA are to provide relief and assistance for persons in need who are or who have been admitted to the Roll of Solicitors for England and Wales or who are or have been married to or are or have been the civil partner of solicitors so admitted or who are or have been dependents of solicitors so admitted.

Financial assistance can take the form of either a grant or a loan. If the latter, it is invariably interest-free and secured on property. During 2019 the provision of loans was suspended whilst a review was carried out, with loan payments due to be made after March being converted to grant payments. Trustees have since resolved that loan payments will, in future, only be paid in a limited range of circumstances usually directly to third parties for provision of equipment and services to beneficiaries.

Structure, Governance and Management

The trustees/directors bear overall legal responsibility for the administration of the charity. It is their responsibility to provide strategic direction to the charity, to control its affairs, to safeguard its assets, to identify and manage risk and to ensure that the charity pursues its charitable objects. Trustees are recruited via advertisement and the decision to appoint is taken to the Nominations Committee to ensure a fair and transparent process. New Trustees can serve a fixed term of two years followed by up to two further terms of four years each. Trustees are inducted via a meeting with the Nominations Committee and the Chief Executive. They must undergo data protection training and are required to sign the Trustee Code of Conduct. All new Trustees receive a mentor for their first year. Formal training opportunities are carried out at least once per year by way of a Trustee Away Day. In 2019 the focus of this training, conducted by an external expert, was current best practice in charity governance.

The Articles of Association provide that the trustees shall meet at least four times a year. Day to day management is delegated to the CEO, Nick Gallagher, who is supported by one part-time and five full-time colleagues, totalling 6.8 full-time equivalents (FTE). The work of the board is supported by four committees. The Terms of Reference of each committee have been reviewed during the year.

The Awards Committee (AC) is responsible for awarding grants and loans. It meets monthly and is attended by up to six trustees and up to three of SBA's volunteers. This structure is designed to provide first-hand experience of issues affecting beneficiaries. The Awards Committee oversees all routine grant and loan decisions in respect of eligible beneficiaries, delegating decisions within explicit scenarios to staff.

The Nominations Committee is focused on new appointments to the Board.

The People and Development Committee focuses on human resources issues for staff and volunteers, including staff remuneration.

The Investment, Finance and Audit Committee (IFAC) scrutinises the work of the Charity's investment managers, the setting of investment and reserves policy, the setting of the annual budget and progress against it, and recommends, for decision by the full Board, both the appointment of auditors and approval of the annual accounts

Trustees' Report Continued

Public Benefit

The public benefit of the SBA's work is in providing relief to those in need because of "youth, age, ill-health, disability, financial hardship or other disadvantage" under section 3(1)(j) of the Charities Act 2011. The relevant Charity Commission guidance provides that "it is likely to be charitable to relieve either the poverty or the financial hardship of anyone who does not have the resources to provide themselves, either on a short or long-term basis, with the normal things of life which most people take for granted".

The trustees confirm that they have complied with their statutory duty to have regard to the Charity Commission's guidance on public benefit.

Volunteers

Besides the 15 Trustees who served in 2019, of whom all but one are practising or retired solicitors, the Charity also has a dedicated cohort of volunteers who provide assistance in delivering support to beneficiaries. The role of volunteers was reviewed during the year alongside our approach to safeguarding. As a result, relatively few home visits took place in this period. Going forward, Visitor Volunteers will assist the beneficiary caseworkers in assessing the needs of beneficiaries and the impact that the support the charity offers has on their lives. Ambassador Volunteers will work locally to publicise the work of the charity in the profession and build support. There is always a need to increase the number of our volunteers so as to offer full coverage across England and Wales.

Grant-Making Policy

To receive an award, applicants must meet the SBA's beneficiary criteria. Applicants are assessed for eligibility using the Joseph Rowntree Minimum Income Standard. This looks at the incomes different households require to meet a minimum standard of living broadly accepted in society as decent. Applicants with liquid assets greater than £10,000 are ineligible for support.

Applications are reviewed by the Awards Committee against their Terms of Reference with some decisions, within agreed parameters, delegated to staff. Delegated awards are also kept under review by the Awards Committee. Applicants may be awarded: grants to assist with cost of living; loans secured against property; debt relief; or support from partner services detailed below. The charity does not usually pay off debt accumulated as a result of periods of study for higher or professional qualifications, nor does it pay off business debt.

The Board retains the discretion to act as it sees fit in exceptional circumstances.

Working in Partnership

Working in partnership helps us to deliver more services to our beneficiaries, utilising the expertise of other organisations.

LawCare – During 2019, LawCare provided emotional support and guidance to 225 solicitors in England and Wales via its helpline, using funds provided by SBA The Solicitors' Charity. In late 2019, trustees took the decision to increase this support in setting the budget for 2020.

Renovo – 15 beneficiaries were referred to Renovo for career support. Eligible beneficiaries are supported by financial assistance for the duration of the three-month course and for some months after whilst they actively seek position.

Citizens Advice – During 2019, SBA The Solicitors' Charity funded 69 referrals for expert, priority advice on state benefits and debt management from the advice centre in Manchester.

Trustees' Report Continued

Achievements and Performance

The key performance indicators used to measure progress on achieving objectives and delivering strategy can be seen from the statistics below (2018 in brackets):

- Grants and loans were paid to support 292 (339) beneficiaries.
- A further 225 individuals were assisted via the SBA's support of LawCare (251).
- Grants awarded to beneficiaries in 2019 totalled £943,342 (£786,223) and loans awarded totalled £83,459 (£380,537)
- New beneficiaries totalled 77 (114).
- Enquiries from potential beneficiaries averaged 13 per month (13).
- Total funds increased from £23m to £25.7m due to Net Income of £0.2m (2018 £0.3m) and gains on the investment portfolio of £2.5m (2018: Loss of (£1.1m)).

Key Management Salaries

SBA The Solicitors' Charity is committed to rewarding its people to recognise their effort and to retain their skills, and to attract new high-calibre staff. The Charity believes in the importance of transparency in how it sets pay and is particularly conscious of the need for clarity and openness in setting executive pay.

Decisions on pay for all staff are made by the Board of the Charity. All members of the Board, including the Chair, are independent volunteers who bring their skills, knowledge and expertise from outside the organisation to decision-making. A sub-committee of the Board, the People & Development Committee (which is made up of volunteer Board members), scrutinises pay proposals in detail on behalf of the full Board.

Transparency and reporting

The Charity has adopted a pay policy that applies to all staff in the organisation. In line with good practice, the draft policy was shared with staff for comment before trustee approval. The policy clearly sets out how recommendations on pay increases are to be governed, the parameters to be considered in making decisions about pay, how and when grading and benchmarking of salaries is to be carried out and the importance of independent review in the grading and benchmarking process.

Under the terms of the Pay Policy, decisions on pay are made by the full Board, on the recommendation of the People and Development Committee following scrutiny of a formal annual proposal. Responsibility for the application of the Pay Policy in respect of the CEO lies with the Chair of the Board. Application of the Pay Policy with regards to all other staff lies with the CEO.

Proportionality of executive pay

The Charity considers how proportionate executive pay is both to the external market and in relation to other pay in the organisation. In common with all other roles in the Charity, the CEO's salary is assessed against similar roles in similarly sized and located organisations within similar sectors, using the benchmarking process outlined in the Pay Policy.

The Charity pays due regard to NCVO and ACEVO good practice guidance on ratios between executive salaries and those of other employees. The Board has agreed a maximum cap of 3:1 between the salary of the CEO and the median of all other salaries in the organisation.

To calculate this ratio the CEO's salary is compared with the median of all other full-time equivalent salaries. Where there is an even number of staff, the average of the two middlemost salaries in the set is used.

The ratio of CEO to median staff pay at 1st January 2020 will be 2.01:1 .

Trustees' Report Continued

Executive performance

In common with all staff of the organisation, the CEO is subject to a 6-month probationary period. Successful completion of the CEO's probationary period is assessed by the Chair and one other member of the Board.

Annual KPIs for the CEO are agreed between the Chair and the CEO and shared with all trustees and staff. These are monitored in regular 1:1 meetings between the Chair and CEO and a formal annual performance appraisal is carried out by the Chair and one other member of the Board.

In adopting its current pay policy, the Charity has chosen not to use individual performance related pay, though organisational performance is a factor considered in setting across the board pay rises.

Recruitment and retention

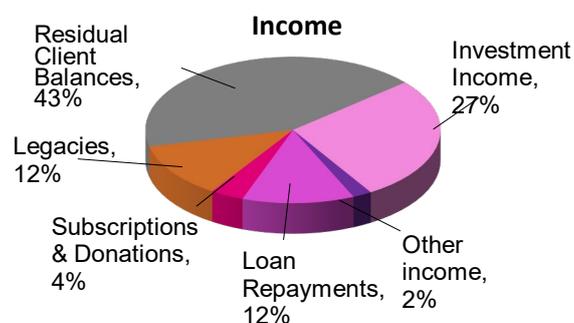
Since attracting high-calibre staff who can help grow and develop the Charity is important to the organisation, the Charity recognises the need to be competitive in the labour market whilst paying due regard to prudent use of charitable funds.

The Pay Policy sets out an approach to benchmarking that ensures salaries for all staff are commensurate with those of people performing similar roles in similarly sized and located organisations within similar sectors. Taking account of affordability, it is the aim of the Charity to pay all salaries including that of the CEO at, or above, the median of the benchmarked salary range for each role. However, salaries will not normally be paid above the level of the third quartile of the relevant benchmark.

The Charity also offers a pension scheme with staff contributions matched by the employer as well as a holiday leave entitlement above statutory guidelines.

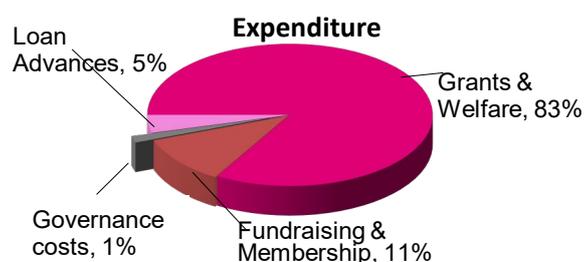
Financial Review

	2019	2018
Income		
Subscriptions and Donations	81,187	82,614
Legacies	262,211	573,229
Residual Client Balances	914,454	717,470
Investment Income	592,148	532,259
Other Income	45,265	44,000
Loan Repayments	265,137	184,259
	<u>2,160,402</u>	<u>2,133,831</u>



(Loan Repayments and Advances are not included in the SOFA)

	2019	2018
Expenditure		
Grants and Welfare	1,476,916	1,339,904
Fundraising & Membership	193,935	255,758
Governance Costs	25,477	29,663
Loan Advances	83,458	376,491
	<u>1,779,786</u>	<u>2,001,816</u>



Trustees' Report Continued

Total income for the year (excluding loan repayments) amounted to £1,895,265 (£1,949,573). Total expenditure for the year (excluding loan advances) amounted to £1,696,328 (£1,625,325). The consequent net income before investment gains and losses was £198,937 (£324,248).

Other recognised gains and losses included gains on investments amounting to £2,456,430 (Loss: £1,055,856). When added to the net income and the funds brought forward, this has increased the total net assets to £25,710,319 (£23,054,952). The principal net assets are the investment portfolio of £19,437,474 (£16,249,810) and the secured loans to beneficiaries of £4,400,621 (£4,617,503).

The principal source of funding for SBA The Solicitors Charity is conditional donations of client balances from Solicitors firms. The Solicitors Regulation Authority allows for donation of client balances to charity in the event the client is untraceable. SBA The Solicitors' Charity offers an indemnity for all client balances received. The Charity holds sufficient funds to repay any client balances transferred to it under the Solicitors Account Rules. The balances are used to build SBA The Solicitors' Charity's investment to produce income to fund charitable grants or for funding interest free loans to beneficiaries secured on property.

The Charity continues to receive donations from individual solicitors, firms and law societies. These are gratefully received, and the income is utilised in year to make a positive difference to the lives of our beneficiaries through grants, loans and career support. SBA The Solicitors' Charity does not use professional fundraisers to raise funds.

Investment Policy

The investment objectives are to achieve a balanced return in terms of capital growth and income from a portfolio of investments with a medium / high risk profile. The total return in 2019 was 10.54% (2018, -3.42%). The investment policy is reviewed annually.

The investment is a significant asset and its management requires appropriate skill. SBA The Solicitors' Charity has appointed Investec Wealth management as its investment managers and in 2017 appointed a Trustee with investment management expertise.

Reserves

The trustees consider that a level of free reserves of three years current annual expenditure is appropriate. Beneficiaries are supported for an average of 7.8 years; the reserves allow for continued support to beneficiaries if income is reduced.

Free reserves at the end of 2019 were £ 6,591,663 (approximately 26% of the charity's overall wealth). These exclude endowment funds, tangible fixed assets, long term liabilities, designated funds and funds which have been applied to beneficiary loans. Three years' expenditure is £5m.

The impact of the Covid-19 Pandemic will potentially have a significant effect on the value and reserves of the charity. This will be through both changes in the markets and because trustees judge the situation sufficiently serious that they have established a Hardship Fund funded, in part, through reserves designated for the purpose. Despite the impact of the pandemic on the markets, trustees were able to take such action due to prudent management of investments over many years. Trustees will keep the reserves position under review and act accordingly.

Risk Management

The Trustees have a risk management strategy which comprises:

- An annual review by the Board of the principal risks and uncertainties that the Charity faces with a mid-year update to the full board and quarterly reviews at executive level. The CEO and the Operational Manager use the Risk Register as a living document informing operations.

Trustees' Report Continued

- The establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- The implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

Principal risks and their management are set out below:

Software security	Standard level protections are correctly in place. Server is fitted with ICO recommended encryption software. Reviewing feasibility of two factor authentication.
General awareness & communication amongst potential Beneficiary pool	Communications agency retained to assist with enhancing profile. Ambassador Volunteer role being developed.
Charity's awareness of full range of need amongst its potential beneficiaries	Stakeholder analysis and beneficiary survey completed. Examining options for wider support and staff training in welfare & benefits. Board skills audit completed to identify where to broaden relevant board skills.
Insufficient number of Volunteers	Roll out of new Visitor Volunteer and Ambassador Volunteer roles underway following review of purpose and safeguarding approach. New roles will present an attractive offering to potential volunteers. Further volunteering focuses also under consideration.
Severe loss of income	New supporter management database in place, communications strategy in place working alongside communications agency. Review of fundraising potential income sources planned in 2020. Regular financial scenario planning undertaken taking account of income loss possibilities.

The trustees are satisfied that the major risks to which the charity is exposed have been identified and that systems and procedures have been established to manage them successfully.

The UK withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. The trustees have considered the impact of leaving the European Union on the charity to be minimal and will keep this under review.

Future Plans

Planned key outcomes for 2020 include:

- Completion and operationalisation of a new CRM system
- Roll out of new Visitor Volunteer and Ambassador Volunteer roles and the introduction of a new Impact Measurement system
- Development of a new multi-year organisational strategy

The impact of the Covid-19 pandemic has led to a great deal of uncertainty and new challenges. Whilst the above planned key outcomes remain ambitions for 2020, continuing to provide a quality service to beneficiaries whilst operating in the new context and delivering support to a range of new solicitors in need or crisis as a result of the pandemic will take priority. Trustees have established a Hardship Fund in response to the impact of Covid-19 on solicitors whose ability to work has been curtailed by the pandemic and who would not normally be eligible for support from the charity.

Trustees' Report Continued

Trustees' responsibilities in respect of the preparation of the accounts

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of its income and expenditure, for that period. In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the accounts 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 disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. 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. The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the Auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Accounting Principles

This report has been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the "Financial Reporting Standard FRS 102" applicable in the UK and Republic of Ireland published on 16 July 2014.

Approved by the Board of Trustees on 11 June 2020 and signed on its behalf by



Matthew Robbins, Chairman

Independent auditor's report to the members of Solicitors Benevolent Association Limited

Opinion

We have audited the financial statements of Solicitors Benevolent Association Limited (the 'charity') for the year ended 31 December 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the 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 December 2019 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 Companies Act 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 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.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the charity financial statements, which is not modified, we draw your attention to the trustees' view on the impact of the COVID-19 as disclosed on page 13, and the consideration in the going concern basis of preparation on page 23 and non-adjusting post balance sheet events on page 31.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the charity's activities, customers, suppliers and the wider economy.

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 Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 14, 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 liquidate the charity or to cease operations, or have no realistic alternative but to do so.

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the Audit Report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 members as a body for our audit work, for this report, or for the opinions we have formed.



Nicola Wakefield

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date: 7 September 2020

Supporting the SBA

Annual Donations

Individual solicitors support the SBA by making one-off or regular donations, through the life membership scheme or by making an annual donation, for which the recommended amount is £60 per partner. Law firms also make regular donations on behalf of their partners and employed solicitors. Substantial payments in 2019 included the following: £

Baker & McKenzie	5,580
Falcon Chambers	3,000
The City of London Solicitor' Company	2,500
Stephenson Harwood Solicitors	2,000
Hogan Lovells International LLP	2,000
Mills & Reeve LLP	1,500
Squire Patton Boggs (UK) LLP	1,000
London Solicitors	1,000
Browne Jacobson LLP	750
Royds Withy King LLP	500

Other Donations

Generous donations were also received from:

	£
The HM Hubbard Will Trust	20,000
The Pritt	13,765
EM Chapman Discretionary Will Trust	10,000
Mills Reeves Charitable Trust	1,000

Legacies

	£
Martin Charles Broker	45,144
Diana Cude	5,220
Basil L. V. Richards	110,000
Harold Moreton Trust	16,846
John Hewley Baines	1,000
Valerie Marie Thompson	74,000
Richard Charles Newport	10,000

Residual Client Balances

Solicitors may transfer unclaimed balances in their firm's client account on a conditional basis, in the knowledge that the SBA retains substantial reserves which would enable repayment of the balance if claimed by the person entitled. Solicitors Regulation Authority approval is required for transfer of individual sums over £500.

Residual Client Balances are a large part of SBA's income and we are grateful to all firms who send their client balances to us.

Local Law Societies

Donations were gratefully received from the following law societies:

Cornwall Law Society	2,000
Devon & Somerset Law Society	1,750
Halifax Incorporated Law Society	1,000
Warrington Law Society	500
Wolverhampton Law Society	500
Worthing Law Society	500
Cardiff & District Incorporated Law Society	400
Manchester Law Society	304
Warwickshire Law Society	226
Middlesex Law Society	100
Hertfordshire Law Society	20
Suffolk & North Essex Law Society	712

Statement of Financial Activities
For the year ended 31 December 2019
(Incorporating the income and expenditure account)

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
INCOME						
Donations and Legacies	3	1,257,852	45,265	-	1,303,117	1,417,314
Investment Income	5	592,148	-	-	592,148	532,259
Total Income		1,850,000	45,265	-	1,895,265	1,949,573
EXPENDITURE						
Raising Funds	6	189,768	-	4,168	193,936	255,758
Charitable Activities	7	1,457,128	45,265	-	1,502,393	1,369,567
Total Expenditure		1,646,896	45,265	4,168	1,696,329	1,625,325
NET INCOME						
before gains/(Losses) on investments		203,104	-	(4,168)	198,936	324,248
Net gains/(Losses) on Investments	12	1,877,379	-	579,051	2,456,430	(1,055,856)
NET MOVEMENT IN FUNDS		2,080,483	-	574,883	2,655,366	(731,608)
RECONCILIATION OF FUNDS:						
Funds brought Forward		17,620,250	-	5,434,702	23,054,952	23,786,560
TOTAL FUNDS CARRIED FORWARD		19,700,733	-	6,009,585	25,710,318	23,054,952

The Statement of Financial Activities includes all gains and losses recognised in the financial year.

All income and expenditure derive from continuing activities.

The notes on pages 23 to 31 form part of these accounts.

Statement of Cash Flows
For the year ended 31 December 2019

	Note	Total Funds 2019	Total Funds 2018
		£	£
Net Cash provided by (used in) operating activities	22	262,999	(851,151)
Cashflows from investing activities:			
Interest and dividends	5	592,148	532,260
Purchase of investments (excluding cash equivalents)	12	(4,741,851)	(1,689,296)
Proceeds from sale of investments	12	4,010,618	1,864,009
Net Cash (used in) provided by investing activities		(139,086)	706,973
Change in cash and cash equivalents in the year		123,913	(144,178)
Cash and cash equivalents brought forward		1,707,632	1,851,810
Cash and cash equivalents Carried forward	23	1,831,545	1,707,632

**Balance Sheet as at
31 December 2019**

	Note	Unrestricted Funds £	Endowments Funds £	Total Funds 2019 £	Total Funds 2018 £
Fixed Assets					
Tangible Fixed Assets	11	182,403	-	182,403	187,055
Investments	12	13,427,889	6,009,585	19,437,474	16,249,810
Secured loans to beneficiaries		4,400,621	-	4,400,621	4,617,503
		18,010,913	6,009,585	24,020,498	21,054,368
Current Assets					
Debtors	13	180,401	-	180,401	619,234
Cash and cash equivalents	23	1,831,545	-	1,831,545	1,707,632
		2,011,946	-	2,011,946	2,326,866
Creditors falling due within one year	14	(310,264)	-	(310,264)	(313,102)
Net current assets		1,701,682	-	1,701,682	2,013,764
Total Assets less Current Liabilities					
		19,712,595	6,009,585	25,722,180	23,068,132
Creditors falling due After more than one year	15	(11,862)	-	(11,862)	(13,180)
Net Assets		19,700,733	6,009,585	25,710,318	23,054,952
Funds					
Unrestricted Funds					
General Fund	19	7,934,945	-	7,934,945	6,766,748
Residual Client Balances					
Undesignated Fund	19	3,227,879	-	3,227,879	2,861,722
Designated Fund	19	8,537,909	-	8,537,909	7,991,780
Endowment Funds	18	-	6,009,585	6,009,585	5,434,702
Total Funds		19,700,733	6,009,585	25,720,318	23,054,952

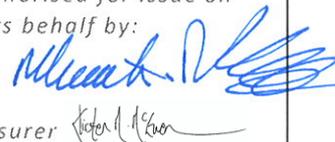
The notes on pages 23 to 31 form part of these accounts. Solicitors Benevolent Association Limited
Registered company number: 6601907

Registered charity number: 1124512

These accounts on pages 20 to 31 were approved by the Board of Trustees and authorised for issue on 11 June 2020 and signed on its behalf by:

Matthew Robbins, Chairman

Kisty McEwen, Honorary Treasurer



**Notes to the Accounts
for the year ended
31 December 2019**

1. Accounting Policies

The Solicitors Benevolent Association is a company limited by guarantee, incorporated in England and Wales. The principal activity of the charity is to alleviate personal financial hardship amongst enrolled solicitors and their dependents. The financial statements are presented in Sterling and this is the functional currency of the Charity. The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. In preparing the financial statements the Charity follows best practice as set out in the Statement of Recommended Practice: 'Accounting and Reporting by Charities' (SORP 15), the Financial Reporting Standard applicable in the United Kingdom and Ireland (FRS 102) and the Charities and Companies Acts.

The nature of the charity's activities are such that its voluntary and investment income represent the majority of its income. Forecasts have been prepared taking into account the potential future impact of Covid-19. Given the robust free reserves that were held at the end of this accounting period and that trustees will only issue grants and loans in line with reserves held, they consider it appropriate to issue these financial statements on the going concern basis.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

- (a) All income is recognised once the Charity has entitlement to the income, there is sufficient certainty of receipt and it is probable that the income will be received, and the amount of income receivable can be measured reliably.
- (b) Life subscriptions are credited to a deferred income account in the balance sheet when received. One tenth of the balance of this account is credited each year to income (see note 15).
- (c) Investment income is accounted for on an accruals basis.
- (d) Grant awards are communicated to beneficiaries immediately. These are frequently agreed to be payable over a period, but the full cost including unpaid awards is recognised in expenditure immediately.
- (e) Direct costs are allocated to the appropriate heading in the SOFA as follows:
 - 1. Raising Funds comprises advertising relating to fund raising, business development, membership, and event costs.
 - 2. Charitable activities comprises grants to individual beneficiaries, welfare, advertising directed at beneficiaries and associated legal costs. It also includes Governance costs comprising costs associated with constitutional and statutory requirements. Support costs comprises the apportionment of common office costs between the fund-raising activities and the charitable activities, in proportion to the staff in each of these areas.
- (f) Freehold land is not depreciated but the freehold building is written off in equal instalments over 50 years.
- (g) Office equipment costing less than £500 is not capitalised but is written off on acquisition through the Statement of Financial Activities. Furniture and Equipment is depreciated over ten years. IT equipment is depreciated over three years.
- (h) Fixed asset investments are stated at closing mid-market value at the balance sheet date. Movement in the carrying value of any investment is treated as unrealised, except in the year of disposal when the surplus or loss on disposal is shown as realised and represents the difference between either the brought forward carrying value, or cost, if purchased in the year, and disposal proceeds. Partial disposals are accounted for using average book value. Any gain or loss on revaluation is taken to the SOFA. All gains and losses are taken to the SOFA as they arise. Realised and unrealised gains are combined in the SOFA and are shown separately in note 12.
- (i) Cash and cash equivalents are 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.
- (j) Secured Loans are made to beneficiaries where the beneficiary has assets which might enable repayment on the sale of those assets. Loans are recognised when paid, and any outstanding commitment is noted in the accounts. The loans, which are protected by a notice at the Land Registry are included in the balance sheet as fixed assets. Unsecured loans are included in the balance sheet as debtors at their estimated recoverable value.
- (k) Details of the nature and purpose of each fund is set out in notes 18, 19 and 20.
- (l) The Charity only has financial asset and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction values and subsequently measured at their settlement value.
- (m) In applying the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. These are based on the most reliable evidence at the time and are reviewed regularly. The key estimates and assumptions made in these accounts are the provision for irrecoverable loans and the allocation of support costs between activities.

**Notes to the Accounts
for the year ended
31 December 2019**

Continued

Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £
2. Previous Year Statement of Financial Activities Analysis				
INCOME				
Donations and Legacies	1,373,314	44,000	-	1,417,314
Investment Income	532,259	-	-	532,259
Total Income	1,905,573	44,000	-	1,949,573
EXPENDITURE				
Raising Funds	252,646	-	3,112	255,758
Charitable Activities	1,325,567	44,000	-	1,369,567
Total Expenditure	1,578,213	44,000	3,112	1,625,325
NET INCOME/(EXPENDITURE)				
before other recognised gains and losses	327,360	-	(3,112)	324,348
Other recognised losses				
Realised losses on investment assets	(36,879)	-	(11,597)	(48,476)
Unrealised losses on investment assets	(766,387)	-	(240,993)	(1,007,380)
NET MOVEMENT IN FUNDS	(475,906)	-	(255,702)	(731,608)
Funds brought forward	18,096,156	-	5,690,404	23,786,560
TOTAL FUNDS CARRIED FORWARD	17,620,250	-	5,434,702	23,054,952

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
3. Donations and Legacies					
Annual subscriptions and Donations	79,869	-	-	79,869	81,150
Life subscriptions (see note 15)	1,318	-	-	1,318	1,465
Legacies	262,211	-	-	262,211	573,229
Other charities (see note 20)	-	45,265	-	45,265	44,000
Residual client balance donations (see note 19)	914,454	-	-	914,454	717,470
	1,257,852	45,265	-	1,303,117	1,417,314

Client balances of £213 (2018: £732) were received from Jasper Vincent Ltd. SBA Trustee Matthew Robbins is a Board member for Jasper Vincent.

Client balances of £363 (2018: £1,107) were received from KPM Solicitors. SBA Trustee Karen South is a Director in the firm.

Notes to the Accounts
for the year ended
31 December 2019

Continued

	Unrestricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£
4. Fundraising Activities			
Events	-	-	-
5. Investment Income			
Income from listed investments	589,705	589,705	531,517
Interest on cash <i>deposits</i>	2,443	2,443	743
	592,148	592,148	532,260

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
6. Raising Funds					
Costs of raising voluntary income					
Business development and advertising	1,383	-	-	1,383	2,830
Repayments of residual client balance	2,168	-	4,168	6,336	4,511
donations (see notes 18 and 19)					
Investment portfolio management fees	81,708	-	-	81,708	77,317
Salary costs	26,865	-	-	26,865	34,735
Support costs (see note 10)	77,644	-	-	77,644	136,365
	189,768	-	4,168	193,936	255,758

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
7. Charitable Activities				
Grants to beneficiaries				
Cost of living allowances	552,981	45,265	598,246	497,952
Supplementary, special and miscellaneous grants	245,499	-	245,499	206,617
Nursing home fees	15,142	-	15,142	24,632
LawCare	66,000	-	66,000	66,000
Citizens Advice Manchester	7,320	-	7,320	5,760
Renovo Fees	11,135	-	11,135	18,870
	898,077	45,265	943,342	819,831
Welfare salaries, travel, admin and legal costs	205,004	-	205,004	124,441
Support costs (see note 10)	328,570	-	328,570	395,632
Governance costs (see note 8)	25,477	-	25,477	29,663
	1,457,128	45,265	1,502,393	1,369,567

In addition to grants of £943,342 (2018: £819,831), secured loans totalling £83,458 (2018: £376,491) were advanced to beneficiaries. Repayments of secured loans totalling £255,476 (2018: £182,059) and unsecured loans totalling £9,662 (2018: £2,200) were received. Grants include provisions and write-offs against repayments of secured loans totalling £44,966 (2018: £209,270). The number of beneficiaries assisted in 2019 was 254 (2018 : 339).

**Notes to the Accounts
for the year ended
31 December 2019
Continued**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
8. Governance Costs				
Auditors' remuneration - audit services	9,600	-	9,600	9,946
Legal, professional and training costs	-	-	-	670
Cost of Trustees' meetings and travel	15,877	-	15,877	19,047
	25,477	-	25,477	29,663

Expenses reimbursed to 9 Trustees (2018:10) for travel amounted to £5,204 (2018: £10,480). No other reimbursements were made to Trustees.

	Staff Costs £	Other Costs £	Total 2019 £	Total 2018 £
9. Total Expenditure				
Raising Funds (see note 6)	73,757	120,179	193,936	255,758
Charitable activities (see note 7)	312,120	1,190,273	1,502,393	1,369,567
	385,877	1,310,452	1,696,329	1,625,325
Staff costs				
Wages and salaries			342,687	454,397
Social security costs			28,324	28,020
Pension costs			10,807	11,995
Staff Training Costs			4,059	4,748
			385,877	499,160
Other costs				
Grants to beneficiaries			943,342	819,831
Premises, equipment and administrative			160,884	164,701
Business development, advertising, legal, audit and trustee expenses			280,492	227,121
Repayments of residual client balances (see notes 18)			6,336	4,510
			1,391,054	1,216,163

Employees who received emoluments -between £80,000 and £90,000 - 1

The average monthly head count was 6.8 staff (2018: 8), and the average monthly number of employees on a full time equivalent basis was:

	2019	2018
Beneficiary welfare	2.8	1.6
Fundraising, membership and publicity	1.0	1.2
Management and administration	2.1	2.8
	5.9	5.6

No employee earned over £80,000. The total CEO salary costs were £94,522 (2018: £ 238,345). The charity had interim CEOs in post for the whole of 2018 and the first 6 months of 2019. The reduction in salary cost was due to the charity recruiting a permanent CEO from 10 June 2019.

The board of directors, who are the Charity's trustees, and the Chief Executive comprise the key management personnel of the charity in charge of directing, controlling and operating the Charity. All Trustees give of their time freely and no trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 8 to the accounts.

**Notes to the Accounts
for the year ended
31 December 2019
Continued**

Charities are encouraged to report not just figures but also pay ratios against median salaries. The ratio of the CEO's salary when compared to the median SBA salary was 2.19:1. As some staff are part-time, the ratio becomes 2.08:1 after adjustment to equivalent full-time salaries.

Staff pay is founded on the principle that the SBA Board wishes to attract high calibre staff capable of contributing actively to the drive to professionalise the charity in everything that it does. In considering staff salaries for 2019 an independent benchmarking survey has been conducted by Disruptive HR.

The SBA has Indemnity Insurance costing £1,658 (2018 : £1,400) to protect the charity from loss arising from the neglects or defaults of its trustees, employees or volunteers, and to indemnify the trustees, officers and volunteers against the consequences of any neglect or default on their part.

	2019 £	2018 £
10. Support Costs		
Breakdown of support costs		
Management and administrative salaries	245,330	366,666
Office accommodation and administration costs	160,884	165,331
	406,214	531,997
Allocation of support costs		
Charitable activities	328,570	395,632
Costs of raising voluntary income	77,644	136,365
	406,214	531,997

Support costs are allocated between Charitable activities and Costs of raising voluntary income in proportion to direct salary costs incurred in each area. The apportionment represents 289% of direct salary costs (2018: 393%).

Support costs represent 40% (2018 : 43%) of grants and loans made to beneficiaries.

	Freehold Land £	Freehold Buildings £	Furniture & Equipment £	Total £
11. Tangible Fixed Assets				
Cost b/f at 1 January 2019	100,000	172,161	38,257	310,418
Additions in the year	-	-	1,884	1,884
Cost c/f at 31 December 2019	100,000	172,161	40,141	312,302
Depreciation b/f at 1 January 2019	-	(103,227)	(20,136)	(123,363)
Depreciation charge for the year	-	(3,444)	(3,092)	(6,536)
Depreciation c/f at 31 December 2019	-	(106,671)	(23,228)	(129,909)
Net book value at 31 December 2019	100,000	65,490	16,913	182,403
Net book value at 31 December 2018	100,000	68,934	18,121	187,055

There were no capital commitments (2018 : £nil).

**Notes to the Accounts
for the year ended
31 December 2019
Continued**

	2019 £	2018 £
12 Fixed Asset Investments		
Quoted investments		
Market value at 1 January	16,249,810	17,480,378
Additions	4,741,851	1,689,296
Disposals	(4,010,618)	(1,864,009)
Net realised gains/(losses)	369,300	(48,476)
Net unrealised gains/(losses)	2,087,131	(1,007,380)
Market value at 31 December	19,437,474	16,249,810
Historical cost as at 31 December	15,523,381	12,534,974
Investments analysis at 31 December		
UK Fixed Interest	1,587,051	1,995,022
Overseas Fixed Interest	217,049	537,906
UK Equities	6,723,622	6,486,449
Overseas Equities	7,695,606	5,338,245
Property and Other	3,214,146	1,892,188
	19,437,474	16,249,810

	Unrestricted Funds £	Permanent Endowment		Total Funds 2019 £	Total Funds 2018 £
		Main Fund £	Residual Client Balance Fund £		
Gains on Investment Assets					
Realised gains/(losses) on disposals	282,245	29,797	57,268	369,300	(48,476)
Unrealised gains/(losses) (see note 21)	1,595,135	168,342	323,654	2,087,131	(1,007,380)
	1,877,379	198,129	380,922	2,456,430	(1,055,856)

Gains or Losses on Investment Assets during the year are allotted to the Permanent Endowment Funds in the proportion that the opening balances bears to Total Funds, and the balance is allocated to Unrestricted Funds.

	2019 £	2018 £
13. Debtors		
Income tax recoverable	676	676
Unsecured loans to beneficiaries	8,344	18,006
Prepayments	18,135	5,402
Other debtors	153,246	595,150
	180,401	619,234

Unsecured loans to beneficiaries have no predetermined repayment date and accordingly may not be repaid within twelve months of the balance sheet date.

**Notes to the Accounts
for the year ended
31 December 2019
Continued**

	2019	2018
	£	£
14. Creditors: amounts falling due within one year		
Trade creditors and accruals	57,260	95,524
Unpaid beneficiary awards	241,187	209,596
Other tax and social security	11,817	7,982
	310,264	313,102

	2019	2018
	£	£
15. Creditors : amounts falling due after more than one year		
Life subscriptions - Balance at 1 January	13,180	14,645
Received during the year	-	-
	13,180	14,645
Transferred to income	(1,318)	(1,465)
Balance at 31 December	11,862	13,180

16. Contingencies and Commitments

The SBA has a contingent liability to return any part of residual client balance donations received to contributing firms. On 31 December 2019 the total received net of repayments amounted to £14,995,164 (2018 : £14,087,036) of which sums received between 1st March 2013 and 31st December 2015 totaling £3,218,851 excluding investment gains and losses (2018 : £3,223,019) are held in a Permanent Endowment Fund (see notes 17 and 18).

At 31 December 2013 (more than 6 years ago) residual client balance donations were £7,938,192 (At 31/12/12 £7,803,615).

At 31 December 2004 (more than 15 years ago) residual client balance donations were £3,316,923 (At 31/12/03 £2,927,222).

There is a commitment to pay secured and unsecured loans totaling £132,921 (2018: £194,165) which have been authorised but not yet paid.

17 Analysis of Net Assets between Funds

The Endowment Fund comprises solely of investments. All other assets are included in the General Fund.

	Permanent Endowment		Total Funds £
	Main Fund £	Residual Client Balance Fund £	
18 Endowment Funds			
At 1 January 2019	1,859,542	3,575,160	5,434,702
Movements - Residual Client Balance Repayments	-	(4,168)	(4,168)
- Investment Gains	198,129	380,922	579,051
At 31 December 2019	2,057,671	3,951,914	6,009,585

Gains or losses on Investment Assets during the year are allocated to the Permanent Endowment Fund in the proportion that the opening balance bears to Total Funds, and the balance is allocated to Unrestricted Funds.

**Notes to the Accounts
for the year ended
31 December 2019
Continued**

The Main Fund - This was created during the years ended 31 December 1995 and 1996 when with Charity Commission approval 14 small charities forming part of the SBA Common Investment Fund were transferred to the SBA General Fund. The permanent endowment value included within these charities was confirmed in a Charity Commission Scheme dated 1 August 1996 as £932,409. Income, which is included in unrestricted funds, and (to the extent that it does not represent permanent endowment) capital may be used for the general purposes of the SBA.

The Residual Client Balance Fund - In accordance with counsel's opinion received in early 2015, Residual Client Balance donations received between 1st March 2013 and 31st December 2015 (a period during which all acknowledgements included an undertaking to permanently invest the donations received) have been taken into a Residual Client Balance Fund. This action was adopted by the SBA Board at its meeting on 17th June 2015 and was applied retrospectively.

	General Fund £	Residual Client Balances Designated Fund £	Undesignated Fund £	Total Funds £
19 Unrestricted Funds				
At 1 January 2019	6,766,748	7,991,780	2,861,722	17,620,250
Movements	1,168,197	546,129	366,157	2,080,483
At 31 December 2019	7,934,945	8,537,909	3,227,879	19,700,733

Within Residual Client Balances, the Designated Fund comprises the donations received during the period 1 January 2004 to 28 February 2013, and donations received from 1 January 2016 onwards. Movements in the year are net of £6,336 repayments. The Undesignated Fund comprises the donations received prior to 2004.

	2019 £	2018 £
20 Restricted Funds		
The charity received income from other charities for specific beneficiaries, and these have all been spent in full during the year as intended.		
The HM Hubbard Will Trust	20,000	32,000
E M Chapman discretionary will trust Funds & Other	11,500	-
The Pritt	13,765	12,000
	45,265	44,000

	General Fund £	Permanent Endowment Main Fund £	Residual Client Balance Fund £	Total Funds £
21 Reconciliation of Movements in Unrealised Gains on Fixed Asset Investments				
Net unrealised gains at 1 January 2019	2,973,410	376,362	365,064	3,714,836
Add attributable to disposals in the year	(1,511,082)	(191,266)	(185,525)	(1,887,873)
Less: net losses on revaluations in the year	1,595,135	168,342	323,654	2,087,131
Net unrealised gains at 31 December 2019	3,057,463	353,437	503,193	3,914,094

**Notes to the Accounts
for the year ended
31 December 2019
Continued**

	Total Funds	Total Funds
	2019	2018
	£	£
22. Reconciliation of net movement in funds to net cash flow from operating activities		
Net movement in funds	2,655,366	(731,608)
Add back depreciation charge	6,536	7,082
Deduct income shown in investing activities	(592,148)	(532,259)
Deduct gains on investments /Add back losses	(2,456,430)	1,055,856
Purchase of Property Plant & Equipment	(1,884)	(9,002)
Decreased/(Increase) in secured loans to beneficiaries	216,882	(189,877)
Decreased/(Increase) in debtors	438,833	(426,727)
(Decrease) in creditors	(4,156)	(24,616)
Net cash flow from operating activities	262,999	(851,151)

	Total Funds	Total Funds
	2019	2018
	£	£
23. Analysis of Cash and Cash Equivalents		
Cash and Cash Equivalents	1,831,545	1,707,632
Total Cash and Cash Equivalents	1,831,545	1,707,632

24. Post Balance Sheet Event

Subsequent to the charity's year end, the scale and spread of Covid-19 (coronavirus) virus worldwide and the actions taken by the Government, has caused and will continue to cause disruption to the charity's activities. The outbreak has had a financial impact on the charity mitigated by the strong free reserves built up in recent years. The Trustees are monitoring the situation very closely and are considering how best to respond to the emerging issues.

Trustees have established a Hardship Fund in response to the impact of Covid-19 on solicitors whose ability to work has been curtailed by the pandemic and who would not normally be eligible for support from the charity.

The Trustees regard the impact of Covid-19 as a non-adjusting post balance sheet event. No adjustments have therefore been made to the financial statements as at 31 December 2019.

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Ricardo Premchand

Marketing Executive

Martyn Hayes

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Investment Managers

Investec Wealth & Investment Ltd

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Tanya Dunbar, London

Michael Gillman, London

Zoe Holland, (Resigned 15 Nov-19)

Christl Hughes, Leicestershire

Karen Matthews, Birkdale

Kirsty McEwen, Birmingham

Adam Parker Dr, Birmingham

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Matthew Robbins, Hampshire

Karen South, Kent

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