

**THE GRAY'S INN
SCHOLARSHIPS TRUST**

**Financial Statements
for the year to
31 December 2022**

Registered Charity No. 313604

THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022

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**THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022**

Trustees' Report

Reference and Administrative Details, Trustees and Advisers

| | |
|---------------------------------|---|
| TRUSTEES | Philip Baker KC (resigned 31 December 2022) The Honourable Mrs Justice Nathalie Lieven Timothy Corner KC David Forsdick KC (appointed 1 st January 2023) |
| PRINCIPAL OFFICE | 8 South Square Gray's Inn London WC1R 5ET |
| CHARITY REGISTRATION NO. | 313604 |
| GOVERNING INSTRUMENT | Charity Commission Scheme dated 2 nd May 1995 |
| AUDITORS | Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG |
| SOLICITORS | Hunters 9 New Square Lincoln's Inn London WC2A 3QN |
| PRINCIPAL BANKERS | C Hoare & Co 37 Fleet Street London EC4P 4DQ |
| INVESTMENT MANAGERS | Willis Towers Watson MidCity Place 71 High Holborn London WC1V 6TP CCLA Investment Management Senator House 85 Queen Victoria Street London EC4V 4ET |
| SENIOR MANAGEMENT TEAM | Chief Executive : Stephen Cartwright Director of Finance : Dermot Doughty |

Trustees' Report (Continued)

Structure, Governance and Management

The Gray's Inn Scholarships Trust ("the Trust") is a Charitable Trust registered with the Charity Commission. Trustees who acted throughout the year are disclosed on Page 3.

The Trustees are kept conversant with the law and the requirements of the Charity Commission, as required, by professional advisers.

The Trustees receive reports of the two key meetings of the Scholarships Committee. They approve the amount of money to be divided between the Common Professional Examination (CPE), Bar Course and pupillage awards and they approve the list of those who should receive scholarships. The selection is undertaken by other Masters of the Bench, members of Hall and staff of The Honourable Society of Gray's Inn ("the Society").

Trustees are selected by the Management Committee of The Society and their appointments are confirmed by Pension, the ultimate policy and decision making body of The Society. The day-to-day management of the Trust is delegated to the management staff of The Society and there are regular meetings of the Trustees.

Funds

The Hebe Plunkett Fund

The Hebe Plunkett Fund was initially registered with the Charity Commission as a separate charity but, with the approval of the Commission, it was transferred to this Trust on 31 December 2003.

The original governing document required that the income and, if considered proper by the Trustees in the light of exceptional circumstances, the capital should all be applied in advancing legal education by assisting persons with defective eyesight in the study of law in such manner as the Trustees thought fit and in particular (and without prejudice to the generality of the forgoing) by providing equipment in The Society's library.

To the extent that the income was not applied, it was to be accumulated for the 21 year period from 11 February 1989. The Trustees had discretion to spend the income so accumulated.

Following the expiry of the 21 year period of permitted accumulation on 11 February 2010, the Trustees have discretion to apply the income for such purposes of an educational nature connected with The Society to the extent that the specified original objective cannot be achieved.

The Trustees resolved at their meeting on 21 September 2010 that this fund should continue as a separate and discrete fund and the original objectives adhered to as far as possible.

The Sir Brian Smedley Fund

The income arising on the endowment is available as a scholarship open to members of The Society who are barristers of not more than one year's call, or students, and who are practising or intending to practice at the Bar of England and Wales. Preference is to be given to candidates practising or intending to practice on the Midland Circuit.

The Troy Fund (Beloff Essay Prize)

This fund is expendable and is to be applied in funding an annual essay prize in Administrative Law for those who are applying for pupillages.

The Bingham Fund

This is shown separately in an unrestricted fund while fund raising continues. It is hoped that if the fund reaches £1,500,000, 5 scholarships of £10,000 will be awarded annually in memory of the late Lord Bingham. A Bingham scholarship was awarded in 2022.

The Charnley award

This award is made, on merit, to a high potential candidate for the Graduate Diploma in Law.

Trustees' Report (Continued)

The Ann Goddard Fund

A total bequest of £1,503,833 is invested in a separate portfolio and the income arising therefrom is to be used to assist barristers during their pupillage with preference being given to those seeking to practice at the criminal bar.

Risk Review

The Trustees have assessed the major risks faced by the charity and keep them under review. All the operational activities of the Trust are undertaken by the Honourable Society of Gray's Inn and the Trustees rely on their risk control processes. Specific reference is made in these processes to the risk management requirements of the Trust. The key risks relate to the performance of the investment portfolio (see "Investment performance" in the Trustees Report for more detail) and the continuation of support from the Society. Trustees monitor these risks regularly by receiving updates from investment managers on the performance of the portfolio and maintaining regular dialogue with the Society.

Objectives and Activities

The principal charitable objective of the Trust is the advancement of education in the law for students and members of the Society and this is achieved by awarding scholarships to all with ability. To that end, scholarship interviews are held separately for those taking the CPE and Bar Course exams and those seeking pupillage awards following their Call to the Bar. Details of the grant policy and the scholarships are given below.

Grant Policy

The grant policy is to identify able students and to assist them to complete their studies and to be called to the Bar. In order to attract the brightest students to The Society, the awards made must be competitive with the other Inns of Court. The Scholarships Committee considers applications from students on an annual basis. These awards are available to cover each year of a student's study - the Common Professional Examination (CPE), the Bar Professional Training Course (BPTC) and during pupillage. In addition, there is a special fund within the charity, The Hebe Plunkett Fund, to provide additional assistance to handicapped students with a preference for those with a visual impairment.

Public Benefit

The Trustees confirm that they have considered the Charity Commission's guidance on public benefit. The Trust's sole activity is the awarding of scholarships to students to enable them to pursue careers as barristers. This function is delegated to the Scholarships Committee which is guided by a policy document designed to achieve and to demonstrate that all awards are made on non-discriminatory bases.

Information about the scholarships is made publicly available through The Society's website and the Scholarships Handbook which is issued to all new students or those interested in becoming students of The Society. Awards are monitored to ensure that the charitable objectives of the Trust are being achieved.

The public benefit derived from the Trust's activities is two-fold. Firstly it offers legal educational opportunities to all of ability irrespective of background, and secondly it helps to maintain the highest standards required and expected of the legal profession by members of the public.

**THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022**

Trustees' Report (Continued)

Achievements and Performance in the year

Scholarship awards cover all or part of tuition and living costs. During the year the Trustees awarded scholarships to student members of The Society as follows:

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | £ | £ |
| Scholarships and prizes awarded (see note 4) | <u>£1,305,575</u> | <u>£1,287,625</u> |
| Number of scholarships and prizes awarded | 134 | 134 |
| Average value | <u>£9,743</u> | <u>£9,609</u> |

The aggregate amount of scholarships awarded has increased slightly during the year reflecting the determination of the Trustees to ensure that sufficient funds are available to enable well qualified students to qualify as barristers.

Student Accommodation

Sixteen students are offered accommodation as a scholarship within the Inn for the duration of their course. Each student signs a tenancy agreement at a nil rent with the Society. The Trust pays a market related rent for the accommodation to the Society and this amount is included in the total of the value of the scholarships awarded in the year. The cost of this is borne by the Trust. The total amount paid under these arrangements in 2022 was £173k (2021: £172k).

Financial Review

The Statement of Financial Activities on page 12 discloses the following –

| | 2022 | 2021 |
|---------------------------------|--------------------|--------------------|
| | £ | £ |
| Income received | 2,213,093 | 397,832 |
| Expenditure incurred | <u>(1,271,081)</u> | <u>(1,234,972)</u> |
| | 942,012 | (837,140) |
| Gains / (Losses) on investments | <u>(1,240,606)</u> | <u>1,185,987</u> |
| Surplus/ (Deficit) for the year | <u>£(298,594)</u> | <u>£348,847</u> |

Income received is significantly in excess of 2021 largely because the annual grant from the Society was resumed in 2022 after two years where it had been discontinued in favour of a loan. The grant amounted to £600k. In addition the Society agreed to treat the loans advanced to the Trust in 2020 and 2021 (£1.2m in total) as a donation.

Expenditure incurred, which shows a small increase, is mainly the net amount of scholarships paid after allowing for scholarships not taken up.

There were significant losses on investments reflecting the very difficult market conditions towards the end of the year.

The funds available as at 31 December amounted to:

| | 2022 | 2021 |
|--------------------|--------------------|--------------------|
| | £ | £ |
| Unrestricted Funds | 7,794,352 | 6,983,941 |
| Restricted Funds | 92,636 | 123,003 |
| Endowment Funds | <u>9,966,528</u> | <u>9,627,937</u> |
| | <u>£17,853,516</u> | <u>£16,734,881</u> |

Trustees' Report (Continued)

Investment Performance

Details of investments are given in Note 8. The Goddard legacy (amounting to £1.7m at the end of 2022) is invested in a separate account within the Charites Investment Fund ("COIF") managed by CCLA.

There is a further investment in COIF amounting to £4.3m at the end of 2022. This is an investment of part of the Trust's endowment.

Funds with WillisTowersWatson ("WTW") amounted to £10.6m at the end of 2022 and are invested with the aim achieving real returns of at least 5% pa averaged over five year rolling periods with half the volatility of equity markets. 2022 saw a reduction in fund value, compared to the opening balance, of 3.6%.

The medium term intention is to invest all the endowment reserves of the Trust in COIF with the unrestricted and restricted reserves being invested in WTW. This policy, which is driven by the fact that COIF gives a regular income whilst WTW generates capital growth only, is gradually being implemented over a number of years. The income generated by COIF assets in 2022 represented a 3% return on the opening balances held. There was a 12% loss in the year end valuation.

The Trust liquidated £1.1m of assets from the WTW fund in June. This was part of the policy of transferring endowment funds to COIF. Given the fragility of investment markets the funds were retained on fixed term bank deposit rather than being invested in COIF.

Reserves Policy

The reserves policy is to retain sufficient funding to establish a strong investment portfolio to ensure continuity and certainty in providing future awards. As at 31 December 2022 total reserves were £17.8m, of which £10.0m was endowed for specific purposes and held in investments to generate an income out of which grants will be made in future periods. A further £0.1m was restricted for specific purposes and the remaining £7.7m was unrestricted, but held in investments. Trustees are content that the current level of reserves are sufficient to meet existing strategic plans of the Charity. The unrestricted reserves are sufficient to cover over five years of expenditure on scholarships at existing levels.

Investment Powers and Policy

The Trustees have broad powers of investment. The policy is to preserve and grow the real value of the portfolio over the longer term.

Plans for Future Periods

The continuing aim remains to give scholarships to able students, irrespective of background, to enable them to achieve careers as barristers. To effect this the Trust works closely with the Society and the Honourable Society of Gray's Inn Charitable Trust to ensure that processes for the award of Scholarships are fair and in accordance with the charitable objectives of the Trust

In 2024 it is intended that the Trustees make an annual grant to the Society to enable the payment of scholarships rather than paying students directly.

Trustees' Report (Continued)

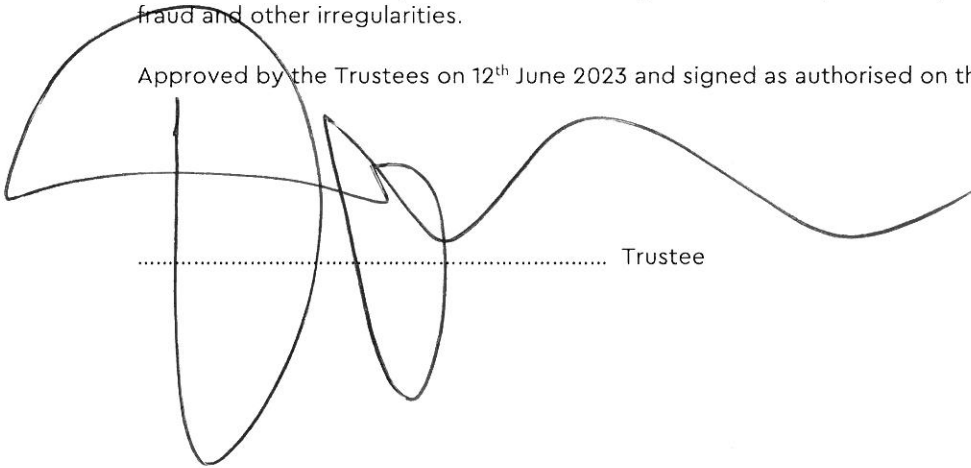
Statement of Trustees' Responsibilities

The Trustees are required to prepare, for each financial year, financial statements which observe the principles and methods of the Charities SORP and which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period. In preparing those financial statements, the Trustees 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that this basis applies.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with statutory requirements. 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.

Approved by the Trustees on 12th June 2023 and signed as authorised on their behalf by:



..... Trustee

Independent auditor's report to the trustees of The Gray's Inn Scholarships Trust

Opinion

We have audited the financial statements of The Gray's Inn Scholarships Trust for the year ended 31 December 2022 which comprise Statement of Financial Activities, Balance Sheet, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of the charity's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity, or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the trustees of The Gray's Inn Scholarships Trust (Cont'd)

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 8, 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.

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Charity SORP in the preparation of the accounts and fund accounting, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that there were no such risks.

Our procedures included the following:

- Inspecting correspondence with regulators and tax authorities, and minutes of trustee meetings;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud both at planning and at completion;
- Evaluating management's controls designed to prevent and detect irregularities;
- Sample testing the allocation of expenditure to restricted funds;
- Identifying and testing journals process by management in the preparation of the financial statements; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Independent auditor's report to the trustees of The Gray's Inn Scholarships Trust (Cont'd)

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLi

Haysmacintyre LLP
10 Queen Street Place
Statutory Auditors London
EC4R 1AG

Date: 1 August 2023

THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022

STATEMENT OF FINANCIAL ACTIVITIES

| | | Unrestricted Funds | Restricted Funds | Endowment Funds | 2022 Total | 2021 Total |
|------------------------------------|-------|--------------------------|-----------------------|--------------------------|---------------------------|---------------------------|
| | Notes | £ | £ | £ | £ | £ |
| INCOME AND ENDOWMENTS FROM: | | | | | | |
| Donations and legacies | 2 | 2,017,751 | 10,000 | - | 2,027,751 | 297,605 |
| Investments | 3 | 129,617 | 52,829 | - | 182,446 | 200,131 |
| Bank Interest | | 2,895 | - | - | 2,895 | - |
| Total | | <u>2,150,264</u> | <u>62,829</u> | <u>-</u> | <u>2,213,093</u> | <u>497,736</u> |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | | | | | |
| Education of law students | 4 | 1,176,125 | 89,650 | - | 1,265,775 | 1,247,275 |
| Other | 5 | 5,306 | - | - | 5,306 | 4,794 |
| Total | | <u>1,181,431</u> | <u>89,650</u> | <u>-</u> | <u>1,271,081</u> | <u>1,252,069</u> |
| NET INCOMING RESOURCES | | 968,833 | (26,821) | - | 942,012 | (754,333) |
| Net (losses)/gains on investments | 8 | (272,822) | (1,618) | (966,166) | (1,240,606) | 2,171,562 |
| NET INCOME/EXPENDITURE | | <u>696,011</u> | <u>(28,439)</u> | <u>(966,166)</u> | <u>(298,594)</u> | <u>1,417,229</u> |
| RECONCILIATION OF FUNDS | | | | | | |
| Total Funds brought forward | | 7,098,341 | 121,075 | 10,932,694 | 18,152,110 | 16,734,881 |
| TOTAL FUNDS CARRIED FORWARD | | <u>£7,794,352</u> | <u>£92,636</u> | <u>£9,966,528</u> | <u>£17,853,516</u> | <u>£18,152,110</u> |

There were no recognised gains or losses other than those shown in the above Statement of Financial Activities.

The notes on page 15 – 21 form part of the financial statements.

**THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022**

THE GRAY'S INN SCHOLARSHIPS TRUST

BALANCE SHEET AT 31 DECEMBER 2022

| | | 2022 | | 2021 | |
|---|-------|-----------|---------------------|-------------|---------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Investments | 8 | | 16,690,331 | | 19,054,671 |
| CURRENT ASSETS | | | | | |
| Cash and Bank deposits | | 1,073,432 | | 183,362 | |
| Debtors | 9 | 183,353 | | 175,277 | |
| | | 1,256,785 | | 358,639 | |
| CREDITORS: | | | | | |
| Sundry creditors | 10 | (93,600) | | (61,200) | |
| Borrowing from Gray's Inn | 11 | - | | (1,200,000) | |
| | | (93,600) | | (1,261,200) | |
| NET CURRENT (LIABILITIES) / ASSETS | | | 1,163,185 | | (902,561) |
| NET ASSETS | | | <u>£ 17,853,516</u> | | <u>£ 18,152,110</u> |
| FUNDS | | | | | |
| Unrestricted | 13 | | 7,794,352 | | 7,098,341 |
| Restricted | 13 | | 92,636 | | 121,075 |
| Endowments | 13 | | 9,966,528 | | 10,932,694 |
| | | | <u>£17,853,516</u> | | <u>£18,152,110</u> |

Approved by the Trustees on 12th June 2023 and signed as authorised on their behalf by:

Trustee:.....

THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022

THE GRAY'S INN SCHOLARSHIPS TRUST

CASH FLOW STATEMENT

| | 2022 | 2021 |
|---|-------------------|-----------------|
| | £ | £ |
| Net movement in funds | (298,594) | 1,417,229 |
| Deduct : investment gains | 1,240,606 | (2,171,562) |
| Deduct: investment income shown in investing activities | (182,446) | (200,131) |
| (Increase)/decrease in debtors | (8,076) | (45,277) |
| Increase/(decrease) in creditors | 32,400 | (20,786) |
| Net cash provided by operating activities | 783,890 | (1,020,527) |
| Cash flows from investing activities | | |
| Investment income | 182,446 | 200,131 |
| Withdrawals from investments | 1,123,734 | 279,938 |
| | 1,306,180 | 480,069 |
| Cash flows from financing activities | | |
| Short term Loan from Gray's Inn | (1,200,000) | 600,000 |
| Increase in cash and cash equivalents in the year | 890,070 | 59,592 |
| Cash and cash equivalents at the start of the year | 183,362 | 123,771 |
| Total cash and cash equivalents at the end of the year | £1,073,432 | £183,362 |

Notes to the Accounts

1. ACCOUNTING POLICIES

(a) General Information

The Gray's Inn Scholarships Trust is a UK Based Charitable Trust registered with the Charity Commission. Its registered address is Treasury Office, 8 South Square, Gray's Inn, London WC1R 5ET.

(b) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (Second edition – October 2019) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Trust constitutes a public benefit entity as defined by FRS 102.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

In preparation of the accounts there are estimates relating to prepayments and accruals which are non-complex in nature. None of the estimates are material to the accounts.

(c) Income

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

(d) Donations and Legacies

Donations and legacies are recognised when there is entitlement to the income, receipt is probable and the amount can be measured reliably.

(e) Scholarships

Scholarships are accounted for as they are awarded.

(f) Investments

Investments are stated at market value. Realised and unrealised gains and losses during the year are taken to the Statement of Financial Activities.

(g) Funds

Unrestricted funds are donations and other incoming resources to be applied in meeting the broad objects of the charity. Restricted funds represent the unexpended income to be applied for specific purposes. Endowment funds (unless expendable in specified circumstances) are not to be spent but retained to preserve the capital value of the original bequests.

(h) Expenditure

The expenditure of the Trust is directly allocated to the charitable activity to which it relates or to the governance of the Trust.

(i) Financial Instruments

The Trust only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

(j) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022

Notes to the Accounts (Continued)

(k) Debtors

Short term debtors are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(l) Provisions

Provisions are made where an event has taken place that gives the Trust a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the Statement of Financial Activities in the year that the Society becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. DONATIONS AND LEGACIES

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | 2022 Total £ |
|--------------------------------|----------------------------|--------------------------|-------------------------|--------------------|
| General Donations and legacies | 191,728 | 10,000 | - | 201,728 |
| Bingham Appeal | 26,023 | - | - | 26,023 |
| Hon Soc of Gray's Inn | 1,800,000 | - | - | 1,800,000 |
| | <u>£2,017,751</u> | <u>10,000</u> | <u>-</u> | <u>£2,027,751</u> |

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | 2021 Total £ |
|--------------------------------|----------------------------|--------------------------|-------------------------|--------------------|
| General Donations and legacies | 186,802 | - | - | 186,802 |
| Bingham Appeal | 38,132 | - | - | 38,132 |
| Hon Soc of Gray's Inn | - | - | - | - |
| | <u>£224,934</u> | <u>-</u> | <u>-</u> | <u>£224,934</u> |

3. INCOME FROM INVESTMENTS

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | 2022 Total £ |
|----------------------|----------------------------|--------------------------|-------------------------|--------------------|
| Investment portfolio | <u>£129,617</u> | <u>£52,829</u> | <u>-</u> | <u>£182,446</u> |

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | 2021 Total £ |
|----------------------|----------------------------|--------------------------|-------------------------|--------------------|
| Investment portfolio | <u>£135,951</u> | <u>£64,180</u> | <u>-</u> | <u>£200,131</u> |

THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022

Notes to the Accounts (Continued)

4. CHARITABLE EXPENDITURE

The Trust employs no members of staff and hence there are no staff costs or key management personnel costs to disclose.

| | 2022 £ | 2021 £ |
|---|-------------------|-------------------|
| Scholarships awarded for the education of law students | | |
| General Fund | | |
| Unrestricted Fund | 1,205,925 | 1,179,440 |
| Awards not taken and written back | (39,800) | (40,350) |
| | 1,166,125 | 1,139,090 |
| Bingham Fund | 10,000 | 13,300 |
| Charnley Fund | 13,000 | 15,000 |
| Mustill Fund | - | 4,150 |
| Hebe Plunkett Fund | 4,650 | 4,735 |
| Ann Goddard Fund | 71,000 | 70,000 |
| The Troy Trust (Beloff Essay Prize) | 1,000 | 1,000 |
| | <u>£1,265,775</u> | <u>£1,247,275</u> |
| Total scholarships awarded in year | 1,305,575 | 1,287,625 |
| Awards not taken and written back | (39,800) | (40,350) |
| Net cost of scholarships awarded in year | <u>£1,265,775</u> | <u>£1,247,275</u> |

Included in the above is the sum of £173,431 (2021 £172,740) representing the rental paid by the Trust to the Society for rental of accommodation offered to students who were awarded residential scholarships.

Other than Residential awards all scholarships are made directly to individuals. No grants are made to Institutions.

5. OTHER COSTS

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | 2022 Total £ |
|-----------------------------|----------------------------|--------------------------|-------------------------|--------------------|
| Audit Fees and Bank Charges | 5,306 | - | - | 5,306 |
| | <u>£5,306</u> | <u>-</u> | <u>-</u> | <u>£5,306</u> |
| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | 2021 Total £ |
| Audit Fees and Bank Charges | 4,794 | - | - | 4,794 |
| | <u>£4,794</u> | <u>-</u> | <u>-</u> | <u>£4,794</u> |

The Trust receives support services donated by The Society. These relate entirely to its sole charitable activity; the education of law students. It is not practicable to quantify the value of donated services with any degree of precision. On the basis that the value is likely to be immaterial, a value of nil has been ascribed to the donated services in these accounts

THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022

Notes to the Accounts (Continued)

6. TRUSTEES' REMUNERATION AND RELATED PARTY TRANSACTIONS

During the year no trustee received any remuneration or expenses (2021: nil). There were no related party transactions in the year (2021: nil)

7. TAXATION

The Trust is a registered charity and its income and gains are exempt from taxation.

8. INVESTMENTS

| | 2022 £ | 2021 £ |
|---|--------------------|--------------------|
| <u>INVESTMENTS HELD WITH WTW</u> | | |
| Market value at 1 January | 12,177,175 | 11,888,564 |
| Capital introduced/(withdrawn) | (1,123,734) | (1,129,938) |
| Investment gains/ (losses) | (441,065) | 1,418,549 |
| Market value at 31 December | <u>£10,612,376</u> | <u>£12,177,175</u> |
| Cost at 31 December | <u>£4,333,413</u> | <u>£4,793,239</u> |
| <u>INVESTMENTS HELD WITH COIF (GENERAL FUND)</u> | | |
| Market value at 1 January | 4,915,037 | 3,553,347 |
| Capital introduced/(withdrawn) | - | 850,000 |
| Investment gains/ (losses) | (571,396) | 511,690 |
| Market value at 31 December | <u>£4,343,641</u> | <u>£4,915,037</u> |
| Cost at 31 December | <u>£4,150,000</u> | <u>£4,150,000</u> |
| <u>INVESTMENTS HELD WITH COIF (GODDARD)</u> | | |
| Market value at 1 January | 1,962,459 | 1,721,137 |
| Capital introduced/(withdrawn) | - | - |
| Investment gains/ (losses) | (228,145) | 241,323 |
| Market value at 31 December | <u>£1,734,314</u> | <u>£1,962,459</u> |
| Cost at 31 December | <u>£1,570,573</u> | <u>£1,570,573</u> |
| <u>TOTAL INVESTMENTS</u> | | |
| Market value at 1 January | 19,054,671 | 17,163,047 |
| Capital introduced/(withdrawn) | (1,123,734) | (279,938) |
| Investment gains/ (losses) | (1,240,606) | 2,171,562 |
| Market value at 31 December | <u>£16,690,331</u> | <u>£19,054,671</u> |
| Cost at 31 December | <u>£10,053,986</u> | <u>£10,513,813</u> |

THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022

Notes to the Accounts (Continued)

9. DEBTORS

| | 2022 £ | 2021 £ |
|----------------|-----------------|-----------------|
| Accrued income | 183,353 | 175,277 |
| | <u>£183,353</u> | <u>£175,277</u> |

10. CREDITORS

| | 2022 £ | 2021 £ |
|---------------------------------------|----------------|----------------|
| Scholarships awarded but not yet paid | 89,500 | 57,600 |
| Audit fee | 4,100 | 3,600 |
| | <u>£93,600</u> | <u>£61,200</u> |

11. SHORT TERM LOAN

In 2020 and 2021 the Trust borrowed a total of £1.2m from the Society. The loan was unsecured, interest free and was re-payable on three months notice. In these two years the Society did not make its annual grant to the Trust. In February 2023 the Society agreed to write off the loan and to treat the funds paid as a donation to the Trust.

12. FINANCIAL INSTRUMENTS

| | 2022 £ | 2021 £ |
|--|-----------------|-----------------|
| Financial Assets | | |
| Financial Assets measured at amortised cost | <u>£183,353</u> | <u>£175,277</u> |
| Financial Liabilities | | |
| Financial Liabilities measured at amortised cost | <u>£93,600</u> | <u>£61,200</u> |

Financial assets comprise accrued income and sundry debtors. Financial liabilities comprise accruals and sundry creditors.

THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022

Notes to the Accounts (Continued)

13. ANALYSIS OF UNRESTRICTED, RESTRICTED AND ENDOWMENT FUNDS

The movement of funds during the year is as detailed below:

| | 1 January 2022 £ | Incoming Resources £ | Resources Expended £ | Investment Gains / (Losses) £ | 31 December 2022 £ |
|--|--------------------------|----------------------------|----------------------------|-------------------------------------|--------------------------|
| Unrestricted Fund | | | | | |
| General | 5,818,951 | 2,094,351 | (1,171,431) | (223,649) | 6,518,222 |
| The Bingham Fund | 1,279,390 | 55,913 | (10,000) | (49,173) | 1,276,131 |
| Total Unrestricted | <u>7,098,341</u> | <u>2,150,264</u> | <u>(1,181,431)</u> | <u>(272,822)</u> | <u>7,794,352</u> |
| Restricted | | | | | |
| Stephen Silber Fund | 898 | 16 | - | (35) | 880 |
| The Charnley Fund | 5,921 | 10,108 | (13,000) | (228) | 2,802 |
| Hebe Plunkett Fund | 29,553 | 540 | (4,650) | (1,136) | 24,307 |
| The Mustill Fund | - | - | - | - | - |
| Sir Brian Smedley Fund | 348 | 6 | - | (13) | 341 |
| Troy Fund/Beloff Prize | 5,378 | 98 | (1,000) | (207) | 4,269 |
| Ann Goddard Fund | 78,977 | 52,060 | (71,000) | - | 60,037 |
| Total Restricted | <u>121,075</u> | <u>62,829</u> | <u>(89,650)</u> | <u>(1,618)</u> | <u>92,636</u> |
| Endowment | | | | | |
| General | 8,466,363 | - | - | (696,801) | 7,769,562 |
| Hebe Plunkett Fund | 472,611 | - | - | (38,897) | 433,714 |
| Sir Brian Smedley Fund | 28,230 | - | - | (2,323) | 25,906 |
| Ann Goddard Fund | 1,965,490 | - | - | (228,145) | 1,737,345 |
| Total Endowment | <u>10,932,694</u> | <u>-</u> | <u>-</u> | <u>(966,167)</u> | <u>9,966,528</u> |
| Total Funds | <u>18,152,110</u> | <u>2,213,093</u> | <u>(1,271,081)</u> | <u>(1,240,606)</u> | <u>17,853,516</u> |
| Analysis of Net Assets between Funds as at 31 December 2022 | | Unrestricted Fund | Restricted Funds | Endowment Funds | Total Assets |
| Investments | | 6,694,236 | 32,599 | 9,963,497 | 16,690,331 |
| Net Current Assets | | 1,100,117 | 60,037 | 3,031 | 1,163,184 |
| | | <u>£7,794,352</u> | <u>£92,636</u> | <u>£9,966,528</u> | <u>£17,853,516</u> |

The Endowment Fund of the General Fund arose from various legacies and donations and represents a permanent endowment. The Unrestricted Fund is to be applied to meet the charitable objectives of the Trust. The purposes of the various funds are outlined in more detail in the Trustee's Report.

THE GRAY'S INN SCHOLARSHIPS TRUST
YEAR TO 31 DECEMBER 2022

Notes to the Accounts (Continued)

13. ANALYSIS OF UNRESTRICTED, RESTRICTED AND ENDOWMENT FUNDS (Continued)

The movement of funds during the prior year is as detailed below:

| | 1 January 2021 £ | Incoming Resources £ | Resources Expended £ | Investment Gains / (Losses) £ | 31 December 2021 £ |
|--|--------------------------|----------------------------|----------------------------|-------------------------------------|--------------------------|
| Unrestricted Fund | | | | | |
| General | 5,892,056 | 343,396 | (1,143,884) | 727,383 | 5,818,951 |
| The Bingham Fund | 1,091,886 | 66,010 | (13,300) | 134,795 | 1,279,390 |
| Total Unrestricted | <u>6,983,941</u> | <u>409,406</u> | <u>(1,157,184)</u> | <u>862,178</u> | <u>7,098,341</u> |
| Restricted | | | | | |
| Stephen Silber Fund | 786 | 15 | - | 97 | 898 |
| The Charnley Fund | 806 | 20,016 | (15,000) | 100 | 5,921 |
| Hebe Plunkett Fund | 30,000 | 584 | (4,735) | 3,704 | 29,553 |
| The Mustill Fund | - | 4,150 | (4,150) | - | - |
| Sir Brian Smedley Fund | 305 | 6 | - | 38 | 348 |
| Troy Fund/Beloff Prize | 5,580 | 109 | (1,000) | 689 | 5,378 |
| Ann Goddard Fund | 85,526 | 63,451 | (70,000) | - | 78,977 |
| Total Restricted | <u>123,003</u> | <u>88,330</u> | <u>(94,885)</u> | <u>4,627</u> | <u>121,075</u> |
| Endowment | | | | | |
| General | 7,462,324 | - | - | 1,004,039 | 8,466,363 |
| Hebe Plunkett Fund | 416,563 | - | - | 56,048 | 472,611 |
| Sir Brian Smedley Fund | 24,882 | - | - | 3,348 | 28,230 |
| Ann Goddard Fund | 1,724,168 | - | - | 241,323 | 1,965,490 |
| Total Endowment | <u>9,627,937</u> | <u>-</u> | <u>-</u> | <u>1,304,757</u> | <u>10,932,694</u> |
| Total Funds | <u>16,734,881</u> | <u>497,736</u> | <u>(1,252,069)</u> | <u>2,171,562</u> | <u>18,152,110</u> |
| Analysis of Net Assets between Funds as at 31 December 2021 | | | | | |
| Investments | | Unrestricted Fund | Restricted Funds | Endowment Funds | Total Assets |
| Net Current Assets | | 8,082,910 | 42,098 | 10,929,663 | 19,054,671 |
| | | (984,569) | 78,977 | 3,031 | (902,561) |
| | | <u>£7,098,341</u> | <u>£121,075</u> | <u>£10,932,694</u> | <u>£18,152,110</u> |