

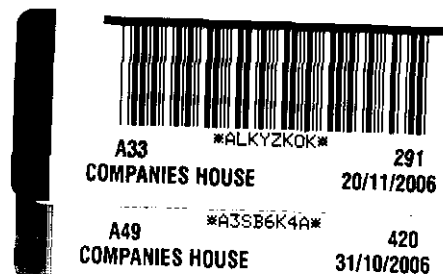
**THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY
A COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL**

**ACCOUNTS FOR THE PERIOD ENDED
31 DECEMBER 2005**

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Registered Company No. 05371054
Registered Charity No. 1111842



THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY**LEGAL AND ADMINISTRATIVE INFORMATION**

Company No: 05371054

Charity No: 1111842

Principal Office: Wolfson College
Linton Road
Oxford
OX2 6UD

Governing Document: Memorandum and Articles of Association dated
21 February 2005

Trustees/Directors: J Adams (Chairman)
D Galligan
J Bacastow

Bankers: HSBC
65 Cornmarket Street
Oxford
OX1 3HY

Solicitors: Bircham Dyson Bell
50 Broadway
London
SW1H 0BL

Accountants: Critchleys
Greyfriars Court
Paradise Square
Oxford
OX1 1BE

**THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY
A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL**

**REPORT OF THE TRUSTEES IN RESPECT OF THE
PERIOD ENDED 31 DECEMBER 2005**

The trustees present herewith the accounts for the period ended 31 December 2005.

Structure, Governance and Management

The Foundation for Law, Justice and Society is a charitable company limited by guarantee, governed by its Memorandum and Articles of Association dated 21 February 2005. It is registered as a charity with the Charity Commission. The directors of the charitable company are its trustees for the purposes of charity law and throughout this report are collectively referred to as the trustees.

New trustees are appointed either to fill a casual vacancy or by way of addition to the Board. Particular emphasis is placed upon the appointment of Trustees with knowledge and experience relevant to the charitable company's activities. When new Trustees are appointed they are given an introduction to the work of The Foundation for Law, Justice and Society and provided with the information they need to fulfil their roles, which includes information about the role of the Trustees and their responsibilities under the Companies and Charities Acts.

Day-to-day administration of the Society is delegated to an Administrative Director, Judy Niner, under the supervision of the Trustees. Decision-making powers are retained by the Trustees and exercised at regular Trustees' meetings.

Objectives and Activities

The objects of the company are to study and communicate contemporary thinking on the role of law in international, regional and national affairs.

Achievements and Performance

This was the first year of the Foundation's operation. Consequently, much attention was given to establishing systems, recruitment of advisors and staff and the organisation of the inaugural lecture and first China workshop.

The inaugural lecture was given by Professor Douglass North in Oxford on 11th May 2005. This was followed by a two-day workshop on the 'The rule of law: Chinese law and business' attended by academics, legal professionals and business people from the UK, China and the USA. A report of the workshop was published shortly afterwards and distributed to a cross-section of people with an interest in the subject. A further meeting was held in Washington. John Adams and Denis Galligan travelled to Shanghai to discuss the development of the 'Rule of Law in China' programme with Chinese contacts and representatives of Washington University. A joint event with Washington University is being planned for 2006.

The Foundation received a grant from the Foundation for the Advancement of Justice through Education Ltd for £125,000 these funds were applied towards the development of the Foundation's website, creation of formats for future publications, the costs of the 'Rule of Law in China' workshops and meetings, fundraising research and academic and administration costs.

**THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY
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**REPORT OF THE TRUSTEES IN RESPECT OF THE
PERIOD ENDED 31 DECEMBER 2005**

Financial Review

The results for the year are set out in the Statement of financial activities on page 5.

Reserves Policy

The Foundation for Law, Justice and Society has a policy of retaining sufficient unrestricted reserves to finance its planned activities and meet its future financial obligations.

For this purpose, the Trustees have established systems to monitor financial performance and to forecast the future commitments and reserves for a minimum of 18 months ahead. Where any potential shortfall is identified, The Foundation for Law, Justice and Society has a policy of amending planned future activities or cutting overhead costs in order to maintain a sufficient level of unrestricted reserves.

This policy is reviewed on an annual basis

Trustees' responsibilities in relation to the financial statements

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so 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 and statements of recommended practice have been followed, subject to any 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 the charity will continue in operational existence.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the companies Act 1985. The trustees 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 FOUNDATION FOR LAW, JUSTICE AND SOCIETY
A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL**

**REPORT OF THE TRUSTEES IN RESPECT OF THE
PERIOD ENDED 31 DECEMBER 2005
(CONTINUED)**

Directors

The directors set out below held office during the whole of the period except where otherwise stated. Having no share capital the directors have no interests therein.

J Adams (Chairman)
D Galligan
J Bacastow

Registered Office

The registered office is situated at 50 Broadway, Westminster, London, SW1H 0BL

Risk Management

The Trustees have identified the major risks which may affect the charity and have taken reasonable steps to mitigate those risks.

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE TRUSTEES

27 October 2006.


(Trustee/Director)

THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE PERIOD ENDED 31 DECEMBER 2005

	Note	Unrestricted 2005 £	£
INCOMING RESOURCES			
Incoming resources from generated funds:			
Voluntary income	4	216,854	
Other incoming resources		<u>270</u>	
TOTAL INCOMING RESOURCES		<u>217,124</u>	
RESOURCES EXPENDED			
Charitable activities			
Studying and communicating the role of law in international, regional and national affairs	5	119,598	
Governance costs	6	13,913	
TOTAL RESOURCES EXPENDED		<u>(133,511)</u>	
NET INCOMING RESOURCES		83,613	
Total funds brought forward		<u>-</u>	
Total funds carried forward		<u>83,613</u>	

All activities are continuing. There were no gains or losses recognised during the period except those shown above.

As the company is limited by guarantee it is not considered appropriate to show a reconciliation of shareholders' funds.

THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY

BALANCE SHEET AT 31 DECEMBER 2005

	Note	2005 £
FIXED ASSETS	7	10,275
CURRENT ASSETS		
Cash at bank and in hand		73,988
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(650)
NET CURRENT ASSETS		<u>73,338</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>83,613</u>
RESERVES		
Unrestricted fund	9	<u>83,613</u>

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The Directors are satisfied that the company was entitled to exemption under subsection (2) of section 249A of the Companies Act 1985 and that members have not required an audit in accordance with subsection (2) of section 249B.

The Directors acknowledge their responsibilities for:

- i ensuring that the company keeps accounting records which comply with section 221; and
- ii preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The accounts were approved and authorised for issue by the Directors on

D.J. Galligan
27th October 2006

THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2005

1 DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the results of the company for that year.

In preparing those accounts, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

2 ACCOUNTING POLICIES AND MISCELLANEOUS INFORMATION

In preparing the accounts the following accounting policies have been complied with:

- a) The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards, the Charities Act 1993 and the Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities". They have also been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.
- b) Incoming resources are generally recognised on a receivable basis and are reported gross of related expenditure, where the amounts are reasonably certain and when there is adequate certainty of receipt.
- c) Resources expended are accounted for on an accruals basis and gross of any related income. They are classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.
 - Costs of charitable activities comprises direct expenditure. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.
 - Governance costs include those costs, such as accountancy fees and legal and professional fees, associated with constitutional and statutory requirements.
- d) Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Office equipment	20% reducing balance
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- e) Foreign currency transactions are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of financial activities.

THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2005

3 During the year, one trustee received remuneration of £24,290 for consultancy services. Trustees were reimbursed a total of £16,114 for travel expenses incurred during the year.

4 Grants received in the year totalled £125,000. Donations received totalled £91,854.

5 COSTS OF CHARITABLE ACTIVITIES 2005 £

Studying and communicating the role of law
in international, regional and national affairs

Event costs	13,560
Staff recruitment	731
Travel and subsistence	17,972
Rent	7,305
Stationery and printing	2,796
Internet expenses	7,083
Insurance	357
Repair and maintenance	210
Legal and professional	9,735
Administration fees	30,080
Consultancy fees	27,200
Sundry expenses	<u>2,569</u>

119,598

6 GOVERNANCE COSTS 2005 £

Accountancy fees	650
Bookkeeping fees	168
Legal fees	5,575
Administration fees	<u>7,520</u>

13,913

7 TANGIBLE FIXED ASSETS Office equipment £

Cost

Additions	<u>12,844</u>
At 31 December 2005	<u>12,844</u>

Depreciation

Charge for the period	<u>2,569</u>
At 31 December 2005	<u>2,569</u>

Net book value

At 31 December 2005	<u>10,275</u>
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THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2005

8	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005 £
	Accruals and other creditors	<u>650</u>
9	RESERVES	Unrestricted fund £
	At 21 February 2005	-
	Surplus for the year	83,613
	At 31 December 2006	<u>83,613</u>

**ACCOUNTANT'S REPORT TO THE BOARD OF TRUSTEES OF
THE FOUNDATION FOR LAW, JUSTICE AND SOCIETY**

We report on the accounts for the period ended 31 December 2005 set out on pages 5 to 9.

Respective responsibilities of directors and reporting accountants

As described on page 7 the trustees, who are also the directors of the Foundation for Law Justice and Society for the purposes of company law, are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

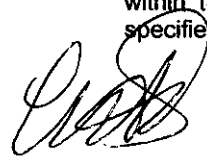
Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- a the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- b having regard only to, and on the basis of, the information contained in those accounting records:
 - i the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - ii the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act as modified by section 249A(5) and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).



Critchleys
Chartered Accountants
Greyfriars Court
Paradise Square
Oxford
OX1 1BE

27 October 2006