

**Company Registration No. 615025**

**Charity Registration No. 209425**

**The British Institute of  
International and  
Comparative Law**

**Annual Report and  
Financial Statements  
31 December 2006**

**THE BRITISH INSTITUTE OF INTERNATIONAL AND  
COMPARATIVE LAW**

**REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2005**

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**THE BRITISH INSTITUTE OF INTERNATIONAL AND  
COMPARATIVE LAW**

**COMPANY DIRECTORS  
YEAR ENDED 31 DECEMBER 2005**

**Due to the changes in the constitution of the Institute that took place during the year, a Board of Trustees, chaired by Lord Bingham of Cornhill, replaces the Council of Management as the governing body of the Institute (see page 3 for further details). The following resignations therefore relate exclusively to the status as Directors under the Companies Act and do not represent resignations from the positions concerned (\*).**

**President:** The Rt Hon Lord Goff of Chieveley DCL FBA—  
Resigned 12/12/05 (\*)

**Vice-Presidents:** Lady Fox QC—Resigned 12/12/05 (\*)  
and HE Judge Rosalyn Higgins DBE QC—Resigned 12/12/05 (\*)

**Chairman (of the Institute):** The Rt Hon Lord Bingham of Cornhill

**Chairman (of the Board of Trustees):** Alexander Layton QC—  
Appointed 8/9/05

David Anderson QC

Peter Barton DL

Sir Christopher Bellamy QC—Resigned 12/12/05

Sir Franklin Berman KCMG QC—Resigned 12/12/05

The Hon Judge Sir Nicolas Bratza QC—Resigned 12/12/05

Professor Ian Brownlie CBE QC FBA DCL—Resigned 12/12/05

The Rt Hon Lord Justice Carnwath CVO—Resigned 12/12/05

Jeremy Carver CBE

Dr Christine Chinkin—Appointed 12/12/05

The Hon Mr Justice Lawrence Collins FBA LLD—Resigned 12/12/05

Dr Ross Cranston QC MP DCL—Resigned 12/12/05

Professor James Crawford SC FBA—Resigned 12/12/05

Lloyd N Cutler—Resigned 10/6/05

Professor Aubrey Diamond QC LL.M HonDCL HonMRCP—  
Resigned 12/12/05

Sir Vincent Evans GCMG MBE QC—Resigned 8/9/05

Helen Fletcher-Rogers—Resigned 12/12/05

Diana Good

Professor Sir Roy Goode CBE QC LLD FBA—Resigned 12/12/05

The Rt Hon Lord Hoffmann—Resigned 12/12/05

The Rt Hon Lord Hope of Craighead PC—Resigned 12/12/05  
Michael Hutchings OBE—Resigned 12/12/05  
The Rt Hon Sir Francis Jacobs KCMG QC  
Professor Sir Robert Jennings QC—Resigned 12/12/05  
Dorian Lovell-Pank QC—Resigned 12/12/05  
Professor Alan Vaughan Lowe  
The Rt Hon Chief Justice Beverley McLachlin—Resigned 12/12/05  
John Merrett  
Lord Neill of Bladen QC—Resigned 12/12/05  
Sir Peter North CBE QC DCL FBA—Resigned 12/12/05  
Martin Paisner CBE—Appointed 12/12/05  
The Rt Hon Lord Phillips of Worth Matravers—Resigned 12/12/05  
The Rt Hon Lord Justice Rix—Appointed 12/12/05  
Peter Roth QC—Appointed 12/12/05  
Professor Philippe Sands QC—Appointed 12/12/05  
The Rt Hon Judge Sir Konrad Schiemann—Resigned 12/12/05  
Robert Sigmon—Resigned 12/12/05  
Sir Ian Sinclair KCMG QC—Resigned 10/6/05  
The Rt Hon Lord Slynn of Hadley—Resigned 12/12/05  
Andrew Trollope QC—Resigned 12/12/05  
David Vaughan CBE QC—Resigned 8/9/05  
Dame Juliet Wheldon DCB QC—Resigned 12/12/05  
Sir Michael C Wood KCMG QC

**THE BRITISH INSTITUTE OF INTERNATIONAL AND  
COMPARATIVE LAW**

**LEGAL AND ADMINISTRATIVE DETAILS  
YEAR ENDED 31 DECEMBER 2005**

**REGISTERED OFFICE**

Charles Clore House  
17 Russell Square  
London WC1B 5JP

**REGISTRATION NUMBERS**

Company registration number: 615025  
Charity Commission registration number: 209425

**INSTITUTE DIRECTOR**

Professor Gillian Triggs

**COMPANY SECRETARY**

Ruth Harper

**BANKERS**

CAF Bank Ltd  
Kings Hill  
West Malling  
Kent ME19 7TA

HSBC plc  
1 Woburn Place  
Russell Square  
London  
WC1H 0LQ

**SOLICITORS**

Herbert Smith  
Exchange House  
Primrose Street  
London EC2A 2HS

**AUDITORS**

Horwath Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

**THE BRITISH INSTITUTE OF INTERNATIONAL AND  
COMPARATIVE LAW**

**REPORT OF THE BOARD OF TRUSTEES  
YEAR ENDED 31 DECEMBER 2005**

**Status of the Institute**

The Institute is a company incorporated under the Companies Act 1985 and has no share capital. It is a company limited by guarantee and the maximum liability of its members is £1. It is governed by its Memorandum and Articles of Association.

**Objects and activities**

The objects for which the British Institute of International and Comparative Law is established are set out in the 1958 Memorandum of Association: (a) to promote by means of study groups, meetings and conferences the study and development of international law and comparative law (including foreign law); (b) to promote or commission research into international law and comparative law (including foreign law) and to publish or arrange for publication of the results of that research.

The Institute continues to pursue a mission, established in 1895, to understand and influence the development of law on a global rather than merely national basis. It is an independent self-governing body, a registered charity and a company limited by guarantee.

The Institute promotes the international rule of law and human rights by its activities in the fields of comparative law, international law and the conflict of laws, and in the fields of European Community law and Commonwealth law. The Institute's unique contribution is, as Lord Denning stated in 1952, in moving freely over the boundaries that divide the different fields of law and bringing out the underlying unities. The Institute's location at a centre of the common law world and the financial and commercial centre of London, and between continental Europe and America, supports this mission.

The main assets of the Institute are its membership and the independence of its status that has been maintained and enhanced over the years. Bringing together judges and practitioners, academic lawyers and civil servants, the Institute is uniquely situated to provide both authoritative analysis and practical comment. The international membership has access to its meetings, publications (including the leading international and comparative law journal, the *International and Comparative Law Quarterly*), research projects and specialist staff. Members also

contribute to the research activities and advisory work undertaken by the Institute.

The research programme builds upon the Institute's unique perspective on the development of an international legal order. The Institute's research mission reflects the insight that knowledge of comparative and international law is not just a scholarly virtue but, as Lord Goff has stated, an essential feature of modern legal life.

### **Governance issues**

An internal governance review by a working party under the chairmanship of Alex Layton QC was completed in 2005. The working party's recommendations included a reform of the Institute's formal governance structure to comply with best charity practice. The changes were approved at an Extraordinary General Meeting on 12 December 2005.

A Board of Trustees, chaired by Lord Bingham of Cornhill, replaces the Council of Management as the governing body of the Institute. The Board has 15 members and 3 advisors. Members of the Board of Trustees are the company directors and charity trustees. It is the function of the Board of Trustees to manage and control the affairs of the Institute. The Board of Trustees appoints the Director of the Institute. The Finance and Audit Sub-Committee of the Board of Trustees has a special responsibility for financial control issues.

Ordinary business at the Institute's Annual General Meeting includes consideration of the accounts and the reports of the Board of Trustees and auditors, and the election of Board of Trustee members. The Rt Hon the Lord Goff of Chieveley DCL FBA is the President of the Institute. The Vice Presidents are The Rt Hon Sir David Edward KCMG, Lady Fox QC and HE Judge Rosalyn Higgins DBE QC.

### **Review of activities**

2005 has been a year of change, consolidation and development for the British Institute of International and Comparative Law. Foremost among developments in 2006 is the reorganization of the Institute's work into specialist programmes to mirror the research and professional activities as they evolve each year. In short, the Institute will be driven by its research and activities agenda rather than by organizational structures. The Institute's work on aspects of European law has been well developed in competition law, regulation, company law and financial services. This expertise has now been drawn together into a single European and Comparative Law Programme. Similarly, the Institute's work on international trade and economic law, private and public international law and human rights have been consolidated into the International Law Programme. The recent growth

in funding for projects dealing with law and developing states now warrants the creation of a Law and Development Programme which will reflect the Institute's current research in Armenia, Afghanistan, Hong Kong and Iran and provide a focus for legal support for Commonwealth countries.

As a leading research institute of international and comparative law, the Institute aims to promote the practical application of its research work through events and publications. The Institute Director, Professor Gillian Triggs, has replaced Dr Mads Andenas as joint General Editor of the *International and Comparative Law Quarterly* with Professor Alan Boyle, University of Edinburgh. The fortnightly *Bulletin of Legal Developments* went on-line in 2005 and the Institute hopes to expand the current electronic format to make it generally available to the public. The research fellows have also published a wide variety of articles and several books on many areas of international and comparative law.

Through its research, publications and many other activities, the Institute has provided a forum for policy formation and influence on the development of the law.

#### **Financial review**

The Institute continued to expand throughout 2005, with total incoming resources increasing from £1,470,081 to £1,837,347. A major component of this increase related to the receipt of £280,000 from the Department of Constitutional Affairs which represents the first tranche of a three-year unrestricted grant.

Although this expansion continues the trend that was experienced in 2003 and 2004, the increase in 2005, in terms of Institute staff and resources, has been much more measured, with regular reviews by the Institute Director and the Board of Trustees. This has ensured that the problems that occurred in 2004 with the unchecked rapid expansion of the Institute have not been repeated and as such there has been an improvement in the underlying financial results of the Institute. This has helped turn the deficit of £198,355 experienced in 2004, into a surplus, on unrestricted funds, of £186,781 for 2005, representing an improvement of some £385,136.

This process of review continues into 2006, and together with the provision of regular financial information, this will enable the Institute Director and the Trustees to assess properly all the activities that the Institute carries out. Coupled with this, it is intended that forum heads should play a larger part in financial management of their fora, operating to strict guidelines set by the Institute Director and overseen by the Finance and Audit Sub-Committee. To assist in review of the 'non-financial' outcomes of the Institute's research activities, an electronic project management system is being developed for all research projects and is already in use for the EC Legalization of Documents Study.



Following the successful completion of the work of the Development Appeal, a Development Committee, chaired by Martin Paisner and Tim Cowen, was set up but was largely dormant in 2005. Approval was given in principle by the Board of Trustees to hire a high-level fundraiser, and means are being sought to fund this position.

### **Future developments**

The Institute views the following areas as key to its future development:

- The expansion of the Institute's research programme through integrated and focused research and conferences which are consistent with the Institute's strategic objectives rather than a reflection of funding opportunities.
- Wider collaboration with other research bodies globally, such as the Max Planck Institute, Federico II of Naples, the Baltimore Center for International and Comparative Law, the Scottish Society of International Lawyers, the American Society of International Law and the Australia and New Zealand Society of International Law as well as continuing relationships with UK institutions such as Chatham House and the International Law Association (British Branch).
- Providing greater access to all Institute research outcomes, eg by making the *Bulletin of Legal Developments* available on-line both to members and non-members.
- Financial growth not only through membership expansion, but by developing other strategies such as regional development groups.

### **Reserves policy**

Free reserves, defined as unrestricted funds less fixed assets, increased to £252,651 at 31 December 2005 (2004: £31,350). The Institute's reserves policy was reviewed during the year and it was decided that a suitable level of free reserves would be based on a level representing 15 per cent of the latest audited annual expenditure. Based on the accounts for the year ended 31<sup>st</sup> December 2004 this level was therefore set at £250,265.

Although this target level has been achieved as at 31<sup>st</sup> December 2005, the Trustees are aware that this is primarily due to the funding that the Institute has received from the Department of Constitutional Affairs (DCA). The Trustees are therefore keen to continue to increase the level of free reserves such that the Institute has a suitable level of reserves once the present DCA funding commitment finishes in October 2008.

In addition, the Institute also holds both Expendable and Permanent Endowments.

### **Risks policy**

The Board of Trustees, with the assistance of the Finance and Audit Sub-Committee, continues to review risk issues in order to develop internal routines to strengthen financial management and control and thereby mitigate the risks identified. Policies relating, in particular, to employment issues have been put in place during 2005 as a result of the risk assessment exercise and the Institute's insurance policies are being reviewed in some detail.

### **Investment policy & performance**

The Institute's primary objectives are capital conservation and minimization of risk through diversification and this has involved the Institute's funds being invested as stated in note 9 to the accounts. Investment income for the year is shown in note 6 and further details of investments held as fixed assets are shown in note 9. These listed investments have generated a return of 4.4 per cent (2004: 4.6 per cent), together with unrealised gains of £25,553 (2004: £12,252). The Trustees consider these returns to be satisfactory.

### **Statement of Trustees' responsibilities**

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of the incoming resources and application of resources, including its income and expenditure, for that year. 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 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 a going concern basis unless it is inappropriate to assume that the Institute will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and to enable the Trustees to ensure that the financial

statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Approved by the Board of Trustees on  
and signed on its behalf:

Peter Barton

# Independent Auditors' Report to the Members of the British Institute of International and Comparative Law

We have audited the financial statements of the British Institute of International and Comparative Law for the year ended 31 December 2005, which comprise the Statement of Financial Activities including the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the Institute's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Institute'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 Institute and the Institute's members as a body, for our audit work, for this report, or for the opinion we have formed.

## **Respective responsibilities of the directors and auditors**

The responsibilities of the Board of Trustees, who are also the charity trustees under charity law, for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Annual Report is not consistent with the financial statements, if the Institute has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified

by law regarding Trustees' remuneration and transactions with the Institute is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

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

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Unqualified opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Institute as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

**Horwath Clark Whitehill LLP**  
Chartered Accountants and Registered Auditors

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

**BRITISH INSTITUTE OF INTERNATIONAL AND  
COMPARATIVE LAW**

**STATEMENT OF FINANCIAL ACTIVITIES  
YEAR ENDED 31 DECEMBER 2005**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2005 £	Total 2004 £
<b>INCOME AND EXPENDITURE</b>	1 & 2					
<b>INCOMING RESOURCES</b>						
<b>Voluntary Income:</b>						
Membership and subscription income		285,944	–	–	<b>285,944</b>	287,626
Fora income		360,003	–	–	<b>360,003</b>	293,139
Donations		188	–	–	<b>188</b>	–
Development appeal		61,882	–	–	<b>61,882</b>	60,892
<b>Activities in furtherance of charity's objects:</b>						
Grants for the Commonwealth						
Legal Advisory Service		14,013	–	–	<b>14,013</b>	16,169
Conference income		197,810	–	–	<b>197,810</b>	219,945
Publications		39,284	–	–	<b>39,284</b>	56,414
Research and governance projects	3	657,420	183,693	–	<b>841,113</b>	494,135
Royalties		369	–	–	<b>369</b>	268
<b>Activities for generating funds:</b>						
Rental income		12,250	–	–	<b>12,250</b>	22,563
<b>Investment income</b>	6	24,213	–	–	<b>24,213</b>	18,930
<b>Other incoming resources</b>		278	–	–	<b>278</b>	–
<b>TOTAL INCOMING RESOURCES</b>		<b>1,653,654</b>	<b>183,693</b>	<b>–</b>	<b>1,837,347</b>	<b>1,470,081</b>
<b>Cost of generating funds</b>						
Fundraising costs		13,808	–	–	<b>13,808</b>	49,561
<b>CHARITABLE EXPENDITURE</b>						
Research and governance projects		407,617	86,277	–	<b>493,894</b>	433,377
Conference costs		210,065	–	–	<b>210,065</b>	238,009
Membership & subscriptions		83,748	–	–	<b>83,748</b>	165,419
Fora costs		328,036	–	–	<b>328,036</b>	338,122
Publication costs		104,381	–	–	<b>104,381</b>	128,708
Support costs		229,068	–	–	<b>229,068</b>	268,424
Management and administration		90,150	–	–	<b>90,150</b>	46,816
Charitable expenditure		<b>1,453,065</b>	<b>86,277</b>	<b>–</b>	<b>1,539,342</b>	<b>1,618,875</b>
<b>TOTAL RESOURCES EXPENDED</b>	4	<b>1,466,873</b>	<b>86,277</b>	<b>–</b>	<b>1,553,150</b>	<b>1,668,436</b>
<b>Net incoming /(outgoing) resources</b>	7	<b>186,781</b>	<b>97,416</b>	<b>–</b>	<b>284,197</b>	<b>(198,355)</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Unrealised gains on investments		18,887	–	6,666	<b>25,553</b>	12,252
Loss on sale of investments		–	–	–	<b>–</b>	(1,181)
Net movement in funds		205,668	97,416	6,666	<b>309,750</b>	(187,284)
<b>FUND BALANCES brought forward at 1 January 2005</b>		<b>123,452</b>	<b>–</b>	<b>388,188</b>	<b>511,640</b>	<b>698,924</b>
<b>FUND BALANCES carried forward at 31 December 2005</b>	12	<b>329,120</b>	<b>97,416</b>	<b>394,854</b>	<b>821,390</b>	<b>511,640</b>

The notes on pages 10 to 16 form part of these financial statements.

**BRITISH INSTITUTE OF INTERNATIONAL AND  
COMPARATIVE LAW**

**BALANCE SHEET  
YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	8	76,469	92,102
Investments	9	240,783	210,493
		<b>317,252</b>	<b>302,595</b>
<b>CURRENT ASSETS</b>			
Stocks		53,249	39,070
Debtors	10	170,770	469,745
Cash at bank and in hand		522,828	292,103
		<b>746,847</b>	<b>800,918</b>
<b>CREDITORS:</b> amounts falling due within one year	11	<b>(242,709)</b>	<b>(591,873)</b>
<b>NET CURRENT ASSETS</b>		<b>504,138</b>	<b>209,045</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>821,390</b>	<b>511,640</b>
<b>ENDOWMENT FUNDS</b>			
Sunley–Percy Rugg Endowment Fund	13	136,661	133,328
Sunley–Sebag Shaw Endowment Fund	13	136,661	133,328
Barnett Shine Charitable Foundation Fund	13	121,532	121,532
		<b>394,854</b>	<b>388,188</b>
<b>RESTRICTED FUNDS</b>	14	<b>97,416</b>	<b>–</b>
<b>UNRESTRICTED FUNDS</b>			
General Fund		252,651	31,350
Fixed Assets Fund		76,469	92,102
		<b>329,120</b>	<b>123,452</b>
	12	<b>821,390</b>	<b>511,640</b>

These financial statements were approved by the Board of Trustees on  
and signed on its behalf by:

The notes on pages 10 to 16 form part of these financial statements.

**BRITISH INSTITUTE OF INTERNATIONAL AND  
COMPARATIVE LAW**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2005**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' SORP 2000 and applicable accounting standards. The particular accounting policies adopted are described below. No cash flow statement has been prepared, as the Institute is considered small for the purposes of Financial Reporting Standard No 1 (Revised 1996).

**a) Accounting Convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed asset investments.

**b) Tangible fixed assets**

Depreciation is provided on the leasehold building at 2 per cent pa on cost, computer equipment at a rate of 50 per cent pa on the net book value, the telephone system over seven years and other fixed assets at a rate of 25 per cent pa on the net book value.

**c) Investments**

Investments representing endowment funds are included as fixed assets. Listed investments are stated at market value at the balance sheet date.

**d) Stocks**

The stocks of publications, all of which are goods held for resale, are valued at the lower of cost and net realisable value.

**e) Library**

The initial cost of the library was written off in 1980, and the cost of additions in each year is included in the overhead expenditure and written off accordingly. The contents of the library, a large proportion of which has been donated to the Institute, have not been valued in these financial statements.

**f) Investment income**

Dividends and interest are taken to the Statement of Financial Activities (SOFA) on a receivable basis.



**g) Pension costs**

The Institute contributes to defined contribution pension schemes for three employees. The pension cost charge represents contributions payable by the Institute to these schemes for the year.

**h) Government grants**

Grants received from UK and overseas governments and governmental agencies are credited to income when the conditions for receipt have been complied with. Grants awaiting matching expenditure are carried forward as deferred income.

**i) Allocation of costs**

Costs are either directly attributable to functional areas of expenditure, or are allocated based on staff time or floor space used. Management and administration relates to costs of the governance of the Institute.

**j) Foreign exchange**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

**k) Membership and subscription fees**

Membership fees credited as income in the year relate to fees receivable for the calendar year less irrecoverable amounts in respect of previous years. Membership fees received in advance are carried forward as deferred income.

**l) Funds**

Unrestricted funds comprise the accumulated surplus or deficit on the statement of financial activities. They are available for use at the discretion of the Board of Trustees in furtherance of the general objectives of the Institute. Designated funds are those unrestricted funds set aside by the Board of Trustees for specific purposes. Restricted funds are subject to specific restrictions imposed by donors.

The permanent endowment funds represent capital, and the income arising forms part of unrestricted funds. Expendable endowment funds are those capital funds where capital is not required to be held in perpetuity.

## 2. INCOME

Income is derived from the Institute's only class of business, comprising the principal activities, which are to conduct research, discussion and publication in public and private international and comparative law. Detailed income streams are from membership fees, subscriptions to the *International and Comparative Law Quarterly* and the *Bulletin of Legal Developments*, research and governance projects (see Note 3), sales of publications and periodicals, sundry grants, donations received, conference receipts and sundry income.

32 per cent (2004: 24 per cent) of incoming resources are received from outside the United Kingdom.

## 3. RESEARCH and GOVERNANCE PROJECTS

	2005 £	2004 £
Research Grants	817,524	432,539
Governance Grants	6,599	61,436
Training Contracts	16,990	160
	<b>841,113</b>	<b>494,135</b>

	Project Costs	Conference Costs	Memberships Subscriptions & publications	Support costs	Management & Admin Costs	Fundraising Costs	Total 2005	Total 2004
	£	£	£	£	£	£	£	£
<b>4. RESOURCES EXPENDED</b>								
Wages, salaries, pensions and other staff costs—see note 5	282,226	66,237	249,674	203,597	74,118	—	875,852	803,787
Projects and conferences	173,140	122,243	—	—	—	—	295,383	328,514
Membership & Subscriptions (*)	—	—	179,026	—	—	—	179,026	195,759
Fundraising	—	—	—	—	—	13,646	13,646	32,763
Light, heat and service charges	3,096	3,096	15,481	18,579	—	—	40,252	31,499
General rates	219	219	1,098	1,317	—	—	2,853	(684)
Travelling, entertaining and attendance at conferences	—	124	416	865	—	—	1,405	8,649
Stationery and printing	2,027	2,027	9,627	7,094	—	—	20,775	14,032
Bank interest and charges	2,903	559	2,907	277	—	—	6,646	6,214
Programmes development costs	—	—	—	—	—	—	—	3,645
Postage	598	1,570	5,273	3,896	—	—	11,337	17,028
Telecoms	2,674	1,381	7,148	4,777	—	162	16,142	26,244
Computer software/maintenance	1,140	1,140	5,415	3,990	—	—	11,685	31,736
Office expenses	847	847	4,158	4,984	—	—	10,836	14,482
Library	97	97	462	340	—	—	996	6,736
Audit, legal & professional	163	163	2,793	—	12,796	—	15,915	16,893
Depreciation	2,847	2,847	13,524	9,965	—	—	29,183	33,038
Bad & doubtful debts	2,610	2,781	18,054	(16,412)	—	—	7,033	71,325
Advertising, recruitment & training	—	4,734	1,109	12,606	—	—	18,449	8,724
Annual report costs	—	—	—	—	3,236	—	3,236	4,252
Project contribution to overheads	19,307	—	—	(19,307)	—	—	—	—
Release of VAT provision	—	—	—	(7,500)	—	—	(7,500)	15,000
	<b>493,894</b>	<b>210,065</b>	<b>516,165</b>	<b>229,068</b>	<b>90,150</b>	<b>13,808</b>	<b>1,553,150</b>	<b>1,668,436</b>

(\*) These costs relate to the direct costs incurred in respect of Institute & Forum membership, ICLQ subscriptions and the production costs of the Institute's publications.

## 5. STAFF COSTS AND FURTHER EMPLOYEE INFORMATION

	2005 £	2004 £
Wages and salaries	709,600	667,101
Social security costs	76,923	68,528
Pension costs	25,059	25,384
Other staff costs	64,270	42,774
	<u>875,852</u>	<u>803,787</u>

Average number of persons employed (full time equivalent)

	No.	No.
Research, publications & conferences	17	17
Administration	4	5

The number of staff whose emoluments fall into the following band is:

£50,001–£60,000	2	2
£60,001–£70,000	–	1

Pension contributions for the 2 members of staff detailed above (2004—3 members of staff) were £8,400 (2004—£14,450).

No member of the Board of Trustees received remuneration or reimbursement of expenses as a member of the Board of Trustees during the year.

## 6. INVESTMENT INCOME

	2005 £	2004 £
Bank interest	14,265	11,590
Dividends receivable from listed investments	9,948	7,340
	<u>24,213</u>	<u>18,930</u>

## 7. NET INCOMING RESOURCES

The net incoming resources for the year are arrived at after charging:

Depreciation	<u>29,184</u>	<u>33,038</u>
Auditors' remuneration		
—Audit fees	8,128	6,135
—Other services	3,226	7,683
	<u>11,354</u>	<u>13,818</u>

## 8. TANGIBLE FIXED ASSETS

	Long Leasehold Building £	Furniture, fittings and Office Equipment £	Total £
<b>Cost</b>			
At 1 January 2005	55,280	290,914	346,194
Additions during the year	—	13,551	13,551
<b>At 31 December 2005</b>	<u>55,280</u>	<u>304,465</u>	<u>359,745</u>
<b>Accumulated depreciation</b>			
At 1 January 2005	17,288	236,804	254,092
Charge for the year	1,104	28,080	29,184
<b>At 31 December 2005</b>	<u>18,392</u>	<u>264,884</u>	<u>283,276</u>
<b>Net book value</b>			
<b>At 31 December 2005</b>	<u>36,888</u>	<u>39,581</u>	<u>76,469</u>
<i>At 31 December 2004</i>	<u>37,992</u>	<u>54,110</u>	<u>92,102</u>

## 9. INVESTMENTS HELD AS FIXED ASSETS

	Listed investments £
Net book value at 1 January 2005	210,493
Unrealised gain in year	25,553
Disposals	—
Amounts invested during the year	4,737
Market value at 31 December 2005	<b>240,783</b>
Listed investments—cost	189,213
Investments whose market value exceeds 5% of total valuation (All listed in the UK and held directly):	
Charity Property Fund units	£68,014
Cazenove Equity Income Trust units	£44,452
Cazenove Growth Trust units	£44,335
BP Ordinary shares	£38,576
Cazenove Income Trust units	£38,198

## 10. DEBTORS

	2005 £	2004 £
Trade debtors	133,127	372,000
Other debtors	5,190	7,726
Prepayments and accrued income	32,453	90,019
	<b>170,770</b>	<b>469,745</b>

## 11. CREDITORS: amounts falling due within one year

Trade creditors	39,598	37,639
Deferred income—membership and other	106,225	397,811
Taxation & social security	33,159	91,044
Accruals & other creditors	63,727	65,379
	<b>242,709</b>	<b>591,873</b>

## 12. NET ASSETS HELD BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
Fixed Assets	76,469	–	–	76,469
Investments	194,999	–	45,784	240,783
Current assets	300,361	97,416	349,070	746,847
Creditors: amounts falling due within one year	(242,709)	–	–	(242,709)
Net Assets	<b>329,120</b>	<b>97,416</b>	<b>394,854</b>	<b>821,390</b>

## 13. ENDOWMENT FUNDS

### PERMANENT: THE SUNLEY–PERCY RUGG AND THE SUNLEY–SEBAG SHAW ENDOWMENT FUNDS

The Bernard Sunley Charitable Foundation established two Endowment Funds in 1982, namely:

- The Sunley–Percy Rugg Endowment Fund; and
- The Sunley–Sebag Shaw Endowment Fund

Each fund is owned and administered by the Institute and consists of £136,661 held in perpetuity for the permanent endowment of the Institute. Income arising from the funds is applied for the general purposes of the Institute. During the year the investments underlying the funds increased in value by £6,666 (2004 increase in value: £6,264) leading to an increase in the value of the fund.

### EXPENDABLE: THE BARNETT SHINE CHARITABLE FOUNDATION

£300,000 was donated by The Barnett Shine Charitable Foundation to provide income to the Institute for general purposes but with the power to 'apply the whole or any part of the Trust Fund whether capital or income in or towards the implementation of any one or more of the objects of the Trust'.

A transfer in 2000 from expendable endowments of £178,468 was made to settle a deficit on unrestricted funds. This left a balance of £121,532 which has remained unaltered since then.

#### **14. RESTRICTED FUNDS**

The restricted fund relates to the funds provided by the European Commission in respect of the Institute project: 'The Promotion of Democratization and Human Rights in Iran'. The project commenced on 1st January 2005 and the funding is for a three-year period. Total first year funding of £183,693 was received from the European Commission, of which £86,277 was spent by the year end. The unspent balance of £97,416 is carried forward in restricted funds and will be spent in 2006.

#### **15. TAXATION**

The Institute is a registered charity and is exempt from direct taxation liabilities on its charitable activities.