

Company registration number: 01653936

Charity registration number: 1105937

NORTH EAST LAW CENTRE

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2020

North East Law Centre

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North East Law Centre

Reference and Administrative Details

Trustees	Mr J Cripps Mr D Slater Mrs K Semianczuk Mr P Jones (appointed 23 May 2019) Mr A D Wake (appointed 21 November 2019) Mr M Walker (appointed 21 November 2019) Mrs G Dunn (appointed 24 November 2019) Mrs K J Proud (appointed 16 January 2020) Ms S E Farish (appointed 16 January 2020) Mr S Booth-Malone (resigned 31 July 2019) Mrs C Brookes (appointed 1 April 2019 and resigned 31 October 2019)
Key Management Personnel	Mr M Fawole (Centre Director) Mrs C Hurst (Senior Solicitor) Mrs J Maxwell (Finance Officer) Board of Trustees
Principal Office	MEA House Ellison Place Newcastle upon Tyne NE1 8XS
Company Registration Number	01653936
Charity Registration Number	1105937
Bankers	The Co-operative Bank plc 84-86 Grey Street Newcastle upon Tyne NE1 6BZ
Independent Examiner	MHA Tait Walker Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

North East Law Centre

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 March 2020.

Structure, governance and management

Nature of governing document

North East Law Centre is a registered charity and company limited by guarantee. The company is governed by its Memorandum and Articles of Association and was incorporated on 26 July 1982 and last amended on 19 October 2015 - number 01653936 and is also a registered charity - number 1105937.

Recruitment and appointment of trustees

Trustees are recruited wherever possible by advertisement. It is open to anyone to apply to become a trustee, however, our aim is always to ensure that all our trustees have skills that support our aims and objectives. All appointments must be ratified by the Board. Trustees stand for a fixed term of three years and are reelected at the Annual General Meeting.

Induction and training of trustees

Trustees receive an induction with the Centre Director where policies, procedures, current and past work are discussed. Each member receives a copy of the governance manual.

Organisational structure

The charity is managed by the trustees who meet at least 6 times per year. The trustees, who served during the year and up to date of the report, are set out on page 1. There were some changes in the trustees this year, but the breadth of experience of the board continue to increase with a range of required skills to better support the organisation. We have this year appointed an Honorary Treasurer, a qualified Accountant, and as a consequence established an HR and Finance subcommittee of the Board.

The operational management of the organisation is undertaken by the paid staff team.

The trustees have examined the major risks which the charity faces in relation to external factors, governance and management, internal operations and business. The trustees have considered the likelihood and the impact of risks, and continually review the systems in place to reduce those risks. The systems are being designed to provide reasonable assurance against material loss.

Objectives and activities

Objects and aims

North East Law Centre was established in 1978 to promote access to legal justice and promote social justice, and to serve the needs of traditionally oppressed groups and those whose access to the legal system is restricted. The Law Centre seeks to achieve this by employing a variety of methods of work, including individual case work and advice work, training, and access to resources. NELC delivers grant-funded work in employment, immigration, asylum, family, welfare benefits and education law.

The Law Centre provides free and (increasingly, where clients are ineligible for free advice, and have some means of paying) low cost legal advice and representation to people living, working or studying in the North East on low incomes. The priority areas of work for the Law Centre reflect the needs of the users, and its policy to work against discrimination.

North East Law Centre

Trustees' Report

Fundraising disclosures

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

Public benefit

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and performance

The year ending March 2020 was another busy and rewarding year for the North East Law Centre (NELC) with increased capacity in most of our service areas, and the addition of new members to the team.

NELC's broad objectives continue so be to explore new ways of working in the local community, empowering people to be more aware of their rights and to try to provide them with tools to challenge injustice themselves, as well as continuing to provide specialist legal advice services to vulnerable client groups.

In line with our broad objectives we have continued to find new ways of working in the local community, empowering people to be more aware of their rights and to try to provide them with tools to challenge injustice themselves as well as continuing to provide specialist legal advice services to those who would otherwise be unable to get advice. Our revamped mission and vision have continued to shape our approach to supporting our beneficiaries to know their legal rights and how to exercise them with confidence. Our mission is to:

- educate people about the law at scale, so that people understand what rights they have, thereby reducing their fears, confusions and distress
- help people get justice who would not otherwise be able to by providing high-quality advice, advocacy and representation
- create new routes to secure justice that are accessible, local and values-driven

NELC continues to offer free specialist advice in key themed areas, but in each of those we have developed work that goes beyond simply giving legal advice:

North East Law Centre

Trustees' Report

Client Groups

Refugees, Asylum Seekers and Migrants

We offer free immigration advice to people on low incomes in Newcastle. This is funded by Newcastle City Council under the Newcastle Fund programme until March 2020, and we continue to support eligible clients under the legal aid scheme. We continue to deliver the Refugee Law Project funded by Lloyds Bank Foundation to support asylum seekers who are ineligible for legal aid, and refugees seeking to be reunited with family members through refugee family reunion.

We have also been extremely fortunate to obtain year-on-year continuation funding from the Police and Crime Commissioner for Northumbria (PCC) under the Supporting Victims Fund programme. We are funded under the programme to support and represent a range of victims of crime including: victims of trafficking, migrant victims of domestic violence and people seeking Female Genital Mutilation Protection Orders.

We are currently in the second year of the Families Together funding programme co-ordinated by the British Red Cross. The programme is funded by a variety of donors, and seeks to address significant, institutional, regulatory and legal barriers to successful family reunion and the integration of refugees and migrants in the UK at the national, regional and local levels.

We have also recently been awarded a grant by the Home Office under the EU Settlement Scheme (EUSS) to support resident EU, other EEA and Swiss citizens, and their family members, to obtain a UK immigration status before the UK completely leave EU.

We continue to offer training to local organisations on the basics of the asylum system and on the implications of the Immigration Act.

Domestic and Sexual Violence, and victims of Crime

The PCC grant continues to enable NELC to support victims of domestic and sexual abuse and crime. The service offers specialist family law advice, but also advice in other areas of law as and when required including housing, welfare benefits and immigration to victims of domestic violence.

We run training sessions for local professionals to help them understand more about the legal resolutions that can be sought when there is domestic abuse and which of these can be sought via legal aid and what happens in court etc so that they can use this information to appropriately refer and support their clients.

Under the grant, we also offer support to beneficiaries to apply for compensation under the Criminal Injuries Compensation Authority (CICA) scheme. These are people who have been physically or mentally injured because they were the blameless victim of a violent crime.

Access to Justice - Immigration, Family, Education Law Advice

We continue to run a series of smaller projects that target specific areas of law where there is limited or no access to justice, or where it is not possible for people to obtain legal aid support, and to those unable to afford to pay for legal advice.

We offer free family law advice to people on low incomes in Newcastle with funding provided by Newcastle City Council under the Newcastle Fund Programme. We have been able to extend this to Sunderland thanks to funding from other small funders.

North East Law Centre

Trustees' Report

Welfare Benefits Project

We continue to deliver Welfare Benefits Advice as the project lead of the Lottery funded Families Through Crisis project. With three key partners, the project works with families in Newcastle who would not ordinarily engage with support services and are experiencing crisis and hardship. The project aims to help resolve their underlying issues with additional elements of support delivered by Changing Lives and Advocacy Centre North. Our other welfare benefits services include:

- We offer Welfare Benefits and Debt advice via a project with Wor Hoose in Walker and via GP surgeries in the Outer West of Newcastle.
- We offer welfare benefits advice and appeals representation to Tyne and Wear residents. We accompany vulnerable clients to provide support at Appeals Tribunals. This is funded by Community Foundation and Barbour Trust.

Recovery Through Rights Project

This a new partnership project between NELC and the Recovery College Collective (ReCoCo) with the aim of testing how legal and human rights based approaches could improve the outcomes for people experiencing mental distress whose rights are under threat of denial/being denied, especially in terms of income and access to health and social care. The project builds on NELC and ReCoCo as hubs for legal action and mental health support and self-care education to develop a resource based in ReCoCo for legal advice, action, education and awareness raising, with a goal of service users taking on a peer support role to assist each other to challenge decisions which counter their rights; supported by the expertise of NELC.

Pro Bono Development

We have developed pro bono clinics to support clients in the following areas:

- Education Law - supported by a solicitor from private practice
- Employment law - supported by two barristers and an unregistered barrister
- Discrimination Law - supported by a solicitor from private practice
- Welfare benefits - supported by a solicitor and part-retired Judge
- Family Law - a retired solicitor

Second tier support

We offer support to advice agencies and other second tier organisations in Newcastle upon Tyne, in the areas of law in which we specialize. This support is in the form of one-off instances of advice and is funded by Newcastle City Council.

We continue to run a range of training programmes about access to justice to staff and volunteers from organisations across the Voluntary and Community Sector.

The outcome of our work with beneficiaries and trusted partners is that the Law Centre continues to capitalise on its unique position as a leading Not for Profit advice agency delivering quality assured specialist advice in the North East to some of the most vulnerable in society.

North East Law Centre

Trustees' Report

Risk Management

The board of Trustees conducts regular reviews of the major risks to which the charity is exposed. There is a risk register that is updated and reviewed by the Board regularly. Where appropriate, systems and procedures have been established to mitigate these risks. As the Financial Year ended, the lockdown response to COVID 19 had already begun, and this entailed major changes to the way we work and risk assessments for clients and staff who moved quickly to home-based working. The Trustees are keeping these risks under regular review.

Financial review

Our primary aim is to strengthen our financial position by increasing our unrestricted reserves year on year and these accounts represent significant progress from the previous year. However, obtaining long term funding to sustain the organisation, and increasing our reserves remains a priority for the Board of Trustees, and the board remains confident that the progress will continue to be made in those areas.

We supported 2911 clients with legal advice in 2019-20, with many more now provided full casework and representation than in the previous year.

Policy on reserves

The calculation of free reserves is based on the definition included in the charity statement of recommended practice (SORP), which provides recommendations for accounting and reporting for charities. The trustees have examined the requirements of the charity to hold free reserves - those reserves not invested in tangible fixed assets, excluding long term liabilities, or designated for a particular purpose. The Trustees considered it would be appropriate to hold the equivalent of between 3 and 6 months running costs, which would equate to holding between £30,000 to £60,000 in free reserves.

At the year end, free reserves were £61,723 (2019 - £11,162), an increase of £50,561 in the year.

Key Management Personnel

The board, who give their time freely and no trustees received remuneration in the year, have considered who the Key Management Personnel (KMP) of the charity, as noted in the Reference and Administration section. Together with the board, these KMP are those in charge of directing and controlling, running and operating the activities of the charity on a day to day basis. The pay of the KMP is reviewed annually and normally increased in accordance with average earnings. The trustees benchmark against pay levels of other charities and similar organisations within the sector and the region. Pay levels are set using this information together with the budget and forecast information, ensuring that the charity can afford any proposed increases. The board then agree any uplift to remuneration.

North East Law Centre

Trustees' Report

Plans for future periods

It was another busy and challenging year for NELC with new increased number of clients supported and the demand for our services higher than in the previous year. We will continue to plan for growth and the development of new and exciting projects in 2020/21, and we remain committed to increasing access to justice for our beneficiaries.

Our overarching strategic priority is to continue to diversify our funding streams whilst expanding our services throughout the region in line with our wider regional remit. Our main focus is to increase income from our private clients in areas no longer in scope of legal aid, and where the only option available to our beneficiaries is to pay private rates of high street solicitor firms. However, we will also continue to apply for grants to charitable foundations and Trusts as and when the opportunities arise. The legal aid contract will continue to provide support for eligible clients and our aim is to maintain the immigration contract for that purpose.

We also remain committed to expanding our services to other parts of the region in recognition of our regional remit and we are currently working with likeminded trusted sector partners to make that happen.

New Services:

Mental Health

NELC currently at advanced stages of developing a new mental health project aimed at addressing the gap in provision of legal and advocacy services to people with mental health problems who have been discharged from mental health services, and do not currently have all their needs addressed by existing statutory services. The project will operate across the City of Sunderland, working alongside the Local Authority, NHS services and other local services, and will provide specialist legal support and advocacy at the point of need. The project partnership will learn from the experiences of service users and potentially explores the viability of transforming the way services are delivered and addresses health inequalities. Continuous evaluation will allow the partnership to collect and analyse the essential information required to inform any design and delivery changes to existing services and delivery mechanisms.

Private Income Generation Project

We have now adopted a project delivery approach to our private affordable service offer with specific focus on Immigration Law. We have revamped our offer and developed new processes and mechanisms to deliver, manage and monitor service delivery and performance. The overarching aim of the project continues to be to support the Centre's sustainability strategy and provide much needed affordable alternative to high street law firms that is out of reach to most of our client groups who would otherwise be denied access to justice.

The Board of Trustees would like to extend their thanks to the staff and volunteers at the Law Centre for all their continued commitment to the work of the Centre.

North East Law Centre

Trustees' Report

Going concern

The trustees recognise that whilst the injection of finance has helped to support the charity's free reserves in the short term, they are conscious that in the medium and longer term that the charity will need to generate surpluses in order to remain within their target level of free reserves. The need for the charity's services continue to grow and therefore the demand on future reserves will also be greater, hence the charity continues to require future funding and the support of its funding partners.

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the charity of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity has strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

Statement of Trustees' responsibilities

The trustees (who are also the directors of North East Law Centre for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The annual report was approved by the trustees of the charity on 19/10/20 and signed on its behalf by:


Mr D Slater
Trustee

North East Law Centre

Independent Examiner's Report to the trustees of North East Law Centre

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 March 2020 which are set out on pages 10 to 28.

Respective responsibilities of trustees and examiner

As the charity's trustees of North East Law Centre (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of North East Law Centre are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since North East Law Centre's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of Chartered accountant, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of North East Law Centre as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Simon Brown BA ACA DChA
Chartered accountant
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 6.11.2020

MHA Tait Walker is a trading name of Tait Walker LLP.

North East Law Centre

Statement of Financial Activities for the Year Ended 31 March 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Income and Endowments from:					
Donations and legacies	3	4,086	-	4,086	2,265
Charitable activities	4	45,248	468,702	513,950	302,748
Investment income	5	150	-	150	340
Total Income		<u>49,484</u>	<u>468,702</u>	<u>518,186</u>	<u>305,353</u>
Expenditure on:					
Charitable activities	6	<u>(6,823)</u>	<u>(495,985)</u>	<u>(502,808)</u>	<u>(355,474)</u>
Total Expenditure		<u>(6,823)</u>	<u>(495,985)</u>	<u>(502,808)</u>	<u>(355,474)</u>
Net income/(expenditure)		<u>42,661</u>	<u>(27,283)</u>	<u>15,378</u>	<u>(50,121)</u>
Net movement in funds		42,661	(27,283)	15,378	(50,121)
Reconciliation of funds					
Total funds brought forward		<u>11,162</u>	<u>67,928</u>	<u>79,090</u>	<u>129,211</u>
Total funds carried forward	19	<u><u>53,823</u></u>	<u><u>40,645</u></u>	<u><u>94,468</u></u>	<u><u>79,090</u></u>

All of the charity's activities derive from continuing operations during the above two periods.

North East Law Centre

Comparative Statement of Financial Activities for the Year Ended 31 March 2019

(Including Income and Expenditure Account and Statement of Total
Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £
Income and Endowments from:				
Donations and legacies	3	2,265	-	2,265
Charitable activities	4	75,769	226,979	302,748
Investment income	5	340	-	340
Total income		<u>78,374</u>	<u>226,979</u>	<u>305,353</u>
Expenditure on:				
Charitable activities	6	<u>(143,854)</u>	<u>(211,620)</u>	<u>(355,474)</u>
Total expenditure		<u>(143,854)</u>	<u>(211,620)</u>	<u>(355,474)</u>
Net (expenditure)/income		<u>(65,480)</u>	<u>15,359</u>	<u>(50,121)</u>
Net movement in funds		(65,480)	15,359	(50,121)
Reconciliation of funds				
Total funds brought forward		<u>76,642</u>	<u>52,569</u>	<u>129,211</u>
Total funds carried forward	19	<u><u>11,162</u></u>	<u><u>67,928</u></u>	<u><u>79,090</u></u>

North East Law Centre

(Registration number: 01653936)
Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	-	-
Current assets			
Debtors	14	64,017	36,490
Cash at bank and in hand		136,054	91,380
		200,071	127,870
Creditors: Amounts falling due within one year	15	(97,703)	(48,780)
Net current assets		102,368	79,090
Total assets less current liabilities		102,368	79,090
Creditors: Amounts falling due after more than one year	16	(7,900)	-
Net assets		94,468	79,090
Funds of the charity:			
Restricted funds		40,645	67,928
Unrestricted income funds			
Unrestricted funds		53,823	11,162
Total funds	19	94,468	79,090

For the financial year ending 31 March 2020 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 10 to 28 were approved by the trustees, and authorised for issue on 19/10/20 and signed on their behalf by:


Mr D Slater
Trustee

North East Law Centre

Statement of Cash Flows for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash income/(expenditure)		15,378	(50,121)
Adjustments to cash flows from non-cash items			
Investment income	5	<u>(150)</u>	<u>(340)</u>
		15,228	(50,461)
Working capital adjustments			
Increase in debtors	14	(27,527)	(11,541)
Decrease in creditors	15	(477)	(12,707)
Increase/(decrease) in deferred income	16	<u>57,300</u>	<u>(102)</u>
Net cash flows from operating activities		44,524	(74,811)
Cash flows from investing activities			
Interest receivable and similar income	5	<u>150</u>	<u>340</u>
Net increase/(decrease) in cash and cash equivalents		44,674	(74,471)
Cash and cash equivalents at 1 April		<u>91,380</u>	<u>165,851</u>
Cash and cash equivalents at 31 March		<u><u>136,054</u></u>	<u><u>91,380</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is: MEA House, Ellison Place, Newcastle upon Tyne, NE1 8XS

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

North East Law Centre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

These financial statements are prepared in sterling which is the functional currency of the entity.

Going concern

The trustees recognise that whilst the injection of finance has helped to support the charity's free reserves in the short term, they are conscious that in the medium and longer term that the charity will need to generate surpluses in order to remain within their target level of free reserves. The need for the charity's services continue to grow and therefore the demand on future reserves will also be greater, hence the charity continues to require future funding and the support of its funding partners.

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the charity of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity has strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Estimation uncertainty and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are considered to be no significant judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies which affect the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Accounting estimates and assumptions are made concerning the future, any by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £Nil (2019 - £Nil).

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably. The following specific policies are applied to particular categories of income.

Donations and legacies

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Legacy income is recognised when receipt is probable and entitlement is established.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Donated services and facilities

Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.

Investment income

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Other income

Income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Other expenditure

Support costs have been differentiated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit and other costs with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned as set out in the Support Costs note.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £500 or more are initially recorded at cost.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Office and computer equipment	20% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Other creditors includes amounts owed to other organisations as a result of the North East Law Centre being the lead partner in an agreement in place with the Big Lottery. The Big Lottery pay the full fund amount to the North East Law Centre who is then invoiced by the other partners to the agreement prior to the law centre paying over their share of the funding.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

Pensions and other post retirement obligations

North East Law Centre staff participate in the Tyne and Wear Pension Fund. This is a multi-employer defined benefit scheme. There are current active members but sadly the scheme is closed to new members as a measure of financial prudence.

The scheme is accounted for as a defined contribution scheme as the future service accrual contribution rate is assessed on "grouped basis" and therefore it is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the scheme the charge to the financial activities for the period under FRS 102 represents the employer contributions payable for the current year.

The 'past payment deficiency' payments, which are set out by the scheme actuary, are charged to the SoFA (as there is a constructive obligation) and the liability is recognised on the balance sheet in amounts falling due less and greater than one year.

Where material, the liability due in more than one year is adjusted to its net present value.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

3 Income from donations and legacies

	Unrestricted funds	Total 2020	Total 2019
	General £	£	£
Regular giving and capital donations	<u>4,086</u>	<u>4,086</u>	<u>2,265</u>

4 Income from charitable activities

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	General £	£	£	£
Paid for legal advice	18,726	-	18,726	45,156
Grants	20,000	468,702	488,702	247,237
Other income	<u>6,522</u>	<u>-</u>	<u>6,522</u>	<u>10,355</u>
	<u>45,248</u>	<u>468,702</u>	<u>513,950</u>	<u>302,748</u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

4 Income from charitable activities (continued)

	Unrestricted funds	Restricted funds	Total 2020	Total 2020
	General £	£	£	£
Grants by provider;				
Access to Justice Foundation	-	-	-	19,000
Awards for All	-	-	-	9,600
Benwell & Scotswood Ward Committee (NCC)	-	-	-	1,700
Big Lottery	-	53,028	53,028	51,052
British Red Cross	-	44,844	44,844	26,250
EU Settlement Scheme	-	64,535	64,535	-
Guardian Christmas Appeal Fund	20,000	-	20,000	-
Legal Education Foundation	-	30,023	30,023	14,906
Lloyds Bank Foundation for England and Wales	-	33,333	33,333	24,000
Local Authority Grant	-	65,952	65,952	33,665
NEFlows Project	-	67,983	67,983	26,714
Police Crime Commissioner for Northumbria	-	45,800	45,800	40,350
The Baring Foundation	-	29,871	29,871	-
Tudor Trust	-	33,333	33,333	-
	<u>20,000</u>	<u>468,702</u>	<u>488,702</u>	<u>247,237</u>

5 Investment income

	Unrestricted funds	Total 2020	Total 2019
	General £	£	£
Interest receivable on bank deposits	<u>150</u>	<u>150</u>	<u>340</u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

6 Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	General £	£	£	£
Charitable activities	-	411,451	411,451	275,895
Support costs	6,823	84,534	91,357	79,579
	<u>6,823</u>	<u>495,985</u>	<u>502,808</u>	<u>355,474</u>
	Activity undertaken directly £	Activity support costs £	Total 2020 £	Total 2019 £
Charitable activities	411,451	88,657	500,108	352,774
Governance costs	-	2,700	2,700	2,700
	<u>411,451</u>	<u>91,357</u>	<u>502,808</u>	<u>355,474</u>

7 Analysis of governance and support costs

Charitable activities expenditure

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	General £	£	£	£
Premises	446	26,452	26,898	22,812
Equipment leasing	-	4,243	4,243	1,436
Project specific costs and IT costs	-	14,949	14,949	10,037
Bank charges	254	-	254	289
Other support costs	3,423	29,003	32,426	21,567
Legal, professional and consultancy costs	-	9,887	9,887	20,738
Independent examiners fees	2,700	-	2,700	2,700
	<u>6,823</u>	<u>84,534</u>	<u>91,357</u>	<u>79,579</u>

The charity allocates costs directly to activities as far as possible, then identifies the remaining costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken in the year.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

7 Analysis of governance and support costs (continued)

Governance costs

	Unrestricted funds		
	General	Total	Total
	£	2020	2019
		£	£
Independent examiner fees			
Examination of the financial statements	2,700	2,700	2,700
	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>

8 Net incoming/outgoing resources

Net incoming/(outgoing) resources for the year include:

	2020	2019
	£	£
Operating leases - other assets	<u>1,378</u>	<u>1,094</u>

9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses from the charity during the year.

10 Staff costs

The aggregate payroll costs were as follows:

	2020	2019
	£	£
Staff costs during the year were:		
Wages and salaries	320,100	228,526
Social security costs	23,358	13,643
Pension costs	<u>34,375</u>	<u>14,008</u>
	<u>377,833</u>	<u>256,177</u>

The monthly average number of persons (including senior management team) employed by the charity during the year was as follows:

	2020	2019
	No	No
Employees	<u>15</u>	<u>13</u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

10 Staff costs (continued)

Contributions to the employee pension schemes for the year totalled £34,375 (2019 - £14,008).

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the charity were £107,700 (2019 - £97,470).

11 Independent examiner's remuneration

	2020 £	2019 £
Examination of the financial statements	<u>2,700</u>	<u>2,700</u>

12 Taxation

The charity is a registered charity and is therefore exempt from taxation.

13 Tangible fixed assets

	Furniture and equipment £	Total £
Cost		
At 1 April 2019	<u>7,555</u>	<u>7,555</u>
At 31 March 2020	<u>7,555</u>	<u>7,555</u>
Depreciation		
At 1 April 2019	<u>7,555</u>	<u>7,555</u>
At 31 March 2020	<u>7,555</u>	<u>7,555</u>
Net book value		
At 31 March 2020	<u>-</u>	<u>-</u>
At 31 March 2019	<u>-</u>	<u>-</u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

14 Debtors

	2020 £	2019 £
Trade debtors	33,497	26,039
Prepayments	8,476	10,451
Accrued income	22,044	-
	<u>64,017</u>	<u>36,490</u>

15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	4,801	3,676
Other taxation and social security	6,686	-
Other creditors	17,425	33,682
Accruals	2,926	2,857
Deferred income	65,865	8,565
	<u>97,703</u>	<u>48,780</u>

Other creditors includes £3,800 (2019 - £13,000) payable in respect of deficit payments to be made to the defined pension scheme.

Other creditors also includes £9,640 (2019 - £19,536) payable to other partners subject to a funding agreement for which North East Law Centre is acting as agent. The total amount received as agent and subsequently not reflected in the accounts totalled £50,279 (2019 - £52,305). Of this £60,175 (2019 - £46,066) was paid over to the respective partners.

	2020 £	2019 £
Deferred income at 1 April 2019	8,565	8,667
Resources deferred in the period	65,865	8,565
Amounts released from previous periods	(8,565)	(8,667)
Deferred income at year end	<u>65,865</u>	<u>8,565</u>

16 Creditors: amounts falling due after one year

	2020 £	2019 £
Other creditors	<u>7,900</u>	<u>-</u>

Other creditors payable in more than one year includes £7,900 (2019 - £Nil) payable in respect of deficit payments to be made to the defined pension scheme.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

17 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Land and buildings		
Within one year	<u>4,758</u>	<u>10,731</u>
Other		
Within one year	1,837	274
Between one and five years	<u>5,970</u>	<u>-</u>
	<u>7,807</u>	<u>274</u>

18 Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £34,375 (2019 - £14,008).

Contributions totalling £3,935 (2019 - £1,146) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

Tyne and Wear Pension Fund

North East Law Centre staff participated in the Tyne and Wear Pension Fund. This is a multi-employer defined benefit scheme.

The scheme is accounted for as a defined contribution scheme as the future service accrual contribution rate is assessed on a "grouped basis" and therefore it is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the scheme the charge to the financial activities for the period under FRS 102 represents the employer contributions payable for the current year.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

18 Pension and other schemes (continued)

The 'past payment deficiency' payments, which are set out by the scheme actuary, are charged to the SoFA (as there is a constructive obligation) and the liability is recognised on the balance sheet in amounts falling due less and greater than one year.

Pension contributions payable, in respect of the past payment deficiencies, for the years to 31 March 2023 amounted to £11,700.

At the year end £11,700 (2019 - £13,000) was outstanding (with £3,800 due within one year and £7,900 due after more than one year).

There is an agreement in place with Newcastle City Council which guarantees they will pay any deficit that may arise on termination of the pension scheme.

19 Funds

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Balance at 31 March 2020 £
Unrestricted funds				
<i>General</i>				
General funds	11,162	49,484	(6,823)	53,823
Restricted funds				
Lloyds Bank Foundation for England and Wales	2,000	33,333	(32,235)	3,098
Local Authority Grant	-	65,952	(65,952)	-
A B Charitable Trust	7,500	-	(7,500)	-
Awards for All	9,600	-	(9,600)	-
Police Crime Commissioner for Northumbria	-	45,800	(45,800)	-
Big Lottery	30,688	53,028	(58,311)	25,405
British Red Cross	10,687	44,844	(47,637)	7,894
Legal Education Foundation	7,453	30,023	(37,476)	-
NEFlows Project	-	67,983	(67,983)	-
EU Settlement Scheme	-	64,535	(64,535)	-
The Baring Foundation	-	29,871	(26,721)	3,150
Tudor Trust	-	33,333	(32,235)	1,098
Total restricted funds	67,928	468,702	(495,985)	40,645
Total funds	79,090	518,186	(502,808)	94,468

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

19 Funds (continued)

The specific purposes for which the funds are to be applied are as follows:

Unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds, where the trustees, at their discretion, have created a fund for specific purpose.

The basis for calculating 'free reserves' are after allowing for all designated funds, fixed assets and other non-current assets and liabilities.

Lloyds Bank Foundation for England and Wales is monies towards the salary cost of the immigration and asylum solicitor.

Local Authority Grant is monies received from Newcastle Council to provide the access to justice project to 2021.

A B Charitable Trust is monies for the legal buddy system for asylum claims and appeals.

Awards for all funding - On average we receive 5 queries per day from people who we are unable to assist. In many cases these individuals have exhausted other avenues and signposting is often unhelpful. With this funding, we will be able to direct them to our own tailored resources and self-help guides which they can refer to as often as needed. Individuals have asked if we offer these kind of guides, Awards for all funding will enable us to develop the guides and our website.

Police and Crime Commissioner Northumbria Supporting Victims Funding is specifically targeted at victims of crime. Victims are given access to our advice and support services in the relevant areas of law.

Big Lottery is monies to run the 'Up a height' - support for families in crisis project.

British Red Cross is monies to deliver the Families Together Programme.

Legal Education Foundation is monies towards the salary costs of a trainee solicitor and supervision under The Fellowship Scheme.

NEFlows Project is monies for the delivery of the FLOWS legal advice and support.

EU Settlement scheme is monies for the delivery of the LCN EUSS Complex Case Project.

The Baring Foundation is monies to develop a partnership between the North East Law Centre and the Recovery College Collective to test how legal and human rights based approaches could improve the outcomes for people experiencing mental distress.

Tudor Trust is monies towards the salary cost of the charities centre director.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2020

20 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	General £	£	£
Net current assets/(liabilities)	61,723	40,645	102,368
Creditors over 1 year	(7,900)	-	(7,900)
Total net assets	<u>53,823</u>	<u>40,645</u>	<u>94,468</u>
	Unrestricted funds		Total funds at 31 March 2019
	General £	Restricted funds £	£
Net current assets/(liabilities)	<u>11,162</u>	<u>67,928</u>	<u>79,090</u>

21 Analysis of net funds

	At 1 April 2019 £	Cash flow £	At 31 March 2020 £
Cash at bank and in hand	91,380	44,674	136,054
Net debt	<u>91,380</u>	<u>44,674</u>	<u>136,054</u>
	At 1 April 2018 £	Cash flow £	At 31 March 2019 £
Cash at bank and in hand	165,851	(74,471)	91,380
Net debt	<u>165,851</u>	<u>(74,471)</u>	<u>91,380</u>

22 Related party transactions

There were no related party transactions in the year.