

TOWER HAMLETS LAW CENTRE

(Company No.: 01720518)
(Charity No.: 287282)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

MYRUS SMITH

Chartered Accountants

Norman House
8 Burnell Road
Sutton, Surrey
SM1 4BW

TOWER HAMLETS LAW CENTRE

(Company No.: 01720518)
(Charity No.: 287282)

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TOWER HAMLETS LAW CENTRE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Reference and Administrative Details

Trustees

Manuhar Ali (Chair to 11 February 2020)
James Blythe (Chair from 11 February 2020)
Mark Kalderon, Treasurer
Rosalind Shaw, Secretary
Derek Maurice Cox
Abdus Salam
Catherine Tuitt
Maria-Grazia Donvito
Zeno Capucci (to 26 November 2019)
Yvonne Kramo
Shyamala Natarajan (to 26 November 2019)
Dyna Zekaoui
Kathleen Kurilecz
Phillip Bartlett (from 14 July 2020)
Umme Begum (from 13 October 2020)

Senior Managers

Martin South
Bolaji Bishi

Company Registered Number

1720518

Charity Registered Number

287282

Registered and Principal Office

Unit 1, St Anne Street
Off 789 Commercial Road
London E14 7HG

Independent Examiner

Stephen Jones FCA
Myrus Smith Chartered Accountants
Norman House
8 Burnell Road
Sutton
Surrey
SM1 4BW

Bankers

HSBC Plc
75 Whitechapel Road
London E1 1DU

TOWER HAMLETS LAW CENTRE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The Trustees, who are also the directors of the company for the purposes of the Companies Act, submit their annual report and the financial statements of Tower Hamlets Law Centre (the Law Centre) for the year ended 31 March 2020. The Trustees confirm that the annual report and financial statements of the Law Centre comply with the current statutory requirements, the requirements of the Law Centre's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2019.

The Trustees have had regard to the advice of the Charities SORP Committee 'Implications of COVID-19 control measures and charity financial reporting', issued in March 2020. There are references in the relevant parts of this report to the implications of COVID-19 (for future risk management and financial planning, for example) although its impact on performance during the reporting period to 31 March 2020 was very limited.

Objectives and Activities

The Law Centre's main purposes are to relieve poverty and advance education by:

- developing independent Law Centre services for the people of Tower Hamlets and East London.
- providing access to justice and facilitating awareness of legal rights, particularly targeting the most disadvantaged members of the community.

The main activities for the year continued to focus on the following;

- Delivery of specialist legal advice for those most disadvantaged in the local community;
- Provision of second tier support and advice for other generalist advice agencies in Tower Hamlets;
- Delivery of community education work to raise awareness of legal rights amongst local people; and
- Active development of services through partnership with other advice-giving organisations.

The Law Centre's work has a positive and long-lasting impact on our clients' wellbeing, dignity and human rights. For example:

- We help people fleeing persecution overseas to be granted asylum in this country, including an increasing number of unaccompanied minor asylum seekers; help to reunite families separated by international borders; and help women to escape from violence at home.
- We fight to prevent people from being evicted and becoming homeless; help those already homeless to secure accommodation when it has been denied to them; and help people living in unsafe and unhealthy homes to make their landlords repair them.
- We help make sure that people get the welfare benefits they are entitled to, including some of the most vulnerable members of society who are fearful and desperate in the face of decisions to withdraw Personal Independence Payments and Education and Support Allowance.

The Trustees have agreed their Strategic Plan 2019-2022, which builds on the success of its predecessor in restoring the law centre's financial stability and enabling it to begin developing its services. The year ended 31 March 2020 was the first year covered by the Plan, which has now been reviewed by the Trustees against the criteria that it contains for assessing success.

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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Achievements and performance

The main objectives set by the Trustees related to maintaining the charity's activities, and these were successfully met. In particular:

Delivery of Specialist Legal Advice

We delivered specialist casework in Housing, Immigration and Welfare Benefits, and advice only in Employment throughout the year, principally from our office in St Anne Street, near Westferry DLR. Advice to individuals was provided at drop in, evening and outreach sessions or during individual casework appointments with specialist caseworkers and solicitors. During the year 2019-20 we worked on 1296 cases.

Partnership Working

The Law Centre continued to participate in the Housing Possession Duty Solicitor Scheme at Bow County Court providing assistance, advice and representation at court to those facing possession proceedings.

Provision of Second Tier Support and Community Education

We continued to provide second tier support to other advice agencies in the borough, including advice by telephone, supervision support, running training courses and workshops and convening / facilitating specialist forums to provide legal updates and briefings on relevant areas of law and policy to front line advisers. We continued to participate in the Tower Hamlets Community Advice Network, and attended the Tower Hamlets Welfare Benefits Advisors and Housing Advisors Forums (the latter of which we also convene).

Expansion of Services and New Posts

During the year, we expanded the scope of our services in immigration law to include advice to vulnerable EU citizens about the EU Settlement Scheme and their rights to remain in the UK following the UK's exit from the EU. We employed an additional solicitor in order to provide these services, as well as increasing our capacity to provide our existing services in immigration law. We offered a solicitor's training contract to a suitably qualified existing member of staff and increased her weekly hours with the help of funding from The A.B. Charitable Trust. We also appointed a new trainee solicitor under the Justice First Fellowship scheme, operated and funded by the Legal Education Foundation.

Funding

During 2019/20, we continued to seek alternatives to legal aid funding for our work, delivering services through pro bono partnerships with major law firms, including Freshfields Bruckhaus Deringer, Norton Rose Fulbright, Ashurst and Ince & Co.; and continuing to undertake small scale trading, using the income generated as core funding for free legal services. We succeeded in meeting our fundraising objectives from these sources, although we continue to seek further sources of corporate giving. Fundraising from trusts and foundations continued successfully, with significant contributions in support of our substantive work and future sustainability from the City Bridge Trust, the Trust for London, and the London Legal Support Trust.

Financial Review

The funding environment for advice services continues to be challenging, and the Trustees are conscious that, despite achieving surpluses since 2017/18, future sustainability remains uncertain. The Trustees have agreed their Strategic Plan 2019-2022, which builds on the success of its predecessor in restoring the Law Centre's financial stability and enabling it to begin developing its services.

We continue to be supported by generous donations from our supporters and grants from trusts and foundations.

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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Financial Review /contd...

There were no significant events having a financial effect in the year ended 31 March 2020. On 20 March 2020, however, just over a week before the end of the reporting period, the Law Centre responded to the COVID-19 pandemic by closing its doors to personal callers. Although we remained open and continued to work virtually, using email, telephone and videoconferencing to communicate with our clients, this has had a substantial impact on our services, income and expenditure during 2020-21, which we anticipate will continue into at least 2021-22.

Risk Management

The Trustees have assessed the major risks to which the Law Centre is exposed, and, in particular, those related to its operations and finances. A risk register has been established and is updated at least annually. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. The Law Centre's Strategic Plan seeks to mitigate the risks associated with particular sources of funding and ensure the continued viability of the charity. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure the health and safety of staff, volunteers, clients and visitors to the centre. The maintenance of the Lexcel Quality Standard and compliance with Solicitors' Practice Rules ensure a consistent quality of delivery for all operational activities of the charity. These procedures are periodically reviewed to ensure they continue to meet the needs of the charity. Our risk register has been updated to incorporate specific risks relevant to COVID-19, and those have also been the subject of a separate, dedicated risk management exercise.

Designated Funds

In their Strategic Plan 2019-2022, the Trustees anticipated that, in order to expand the Law Centre's services and continue its financial recovery, it would be necessary to move to new, larger premises before the end of March 2022. The Trustees designated a fund of £50,000 to deal with the potential costs of moving premises, including the payment of a lease premium, fit-out costs, removal costs (including specialist IT costs) and increased rental costs. The Trustees intend to review the need for larger premises in the light of the COVID-19 pandemic, which has seen staff largely working from home since the end on March 2020, though they have not yet arrived at a final view.

Reserves Policy

The Trustees have examined the charity's requirements for reserves in the light of the main risks to the organisation. They have revised their target for reserves (the unrestricted funds not committed in tangible fixed assets by the charity) from a sum equivalent to about three months' expenditure to a sum equivalent to about four months' expenditure. They have done so in the light of the charity's potential liabilities; the inherent risks associated with growth; and the uncertainty of the economic, social and political context within which the Law Centre operates, including Brexit. Although the Trustees did not increase their target for reserves in anticipation of the risks and challenges of the COVID-19 pandemic (which was not known at the time) they consider that it demonstrates the prudence of the measure and may consider a further increase to the target in time.

For the moment, the reserves target is unchanged. Budgeted expenditure for 2020-21 is around £575,000. The target for reserves is therefore £192,000. The Trustees will seek to increase reserves incrementally over the coming years until they reach the target level.

The amount of unrestricted reserves held by the charity at 31 March 2020 was £190,980.

TOWER HAMLETS LAW CENTRE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020
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Plans for the Future

The Trustees have agreed the Law Centre's Strategic Plan 2019-2022. The plan's objectives include:

- Diversifying our income to mitigate risks and improve our sustainability
- Upgrading our IT systems and introducing paperless working
- Expanding our services, including pro bono services
- Raising the Law Centre's public profile
- Moving to new premises if necessary

The Trustees intend to review the Plan during 2020/21 to take account not only of performance against its original objectives, but also the different and more challenging circumstances introduced by the COVID-19 pandemic.

Structure, Governance and Management

Governing Document

The Law Centre is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 14 March 1983. The Memorandum of Association established the objects and powers of the charitable company and it is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

The Law Centre's purposes, as set out in its governing document, are:

- The relief of poverty amongst persons resident or working in Greater London and in particular the London borough of Tower Hamlets ("the benefit area") by providing such persons with legal services which they could not otherwise obtain or which it would not be reasonably practicable or appropriate to obtain elsewhere;
- The advancement of education amongst persons resident or working in the benefit area;
- The advancement of such other charitable purposes as are beneficial to the community for persons resident or working in the benefit area.

In December 2016, revised Articles of Association were adopted, but they made no substantive changes to the Law Centre's purposes, which were simply moved from the Memorandum to the Articles.

Recruitment and Appointment of Trustees

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as Trustees. The management of the Law Centre is the responsibility of the Trustees, who are appointed and co-opted under the terms of the Articles of Association. Under the requirements of the Memorandum and Articles of Association one third (or the number nearest one third) of the Trustees must retire at each Annual General Meeting, at which time they may be reappointed if eligible.

The Trustees may co-opt any individual, provided the total number of Trustees does not exceed the number allowed by the Articles. Co-opted Trustees hold office only until the next Annual General Meeting, at which time they may be reappointed if eligible.

When more Trustees are needed, the Trustees advertise vacancies widely in order to draw in appropriately qualified individuals to support the development of the Law Centre. Appropriate qualifications may include specific skills, experience and contacts as well as knowledge of the local community.

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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Structure, Governance and Management /contd...

Trustee Induction and Training

New Trustees are given the opportunity to visit the Law Centre during a working day and meet staff members and volunteers, as well as existing Trustees. All new Trustees receive an induction pack that includes general information about the Law Centre as well as recent copies of minutes, management accounts and senior management reports and a copy of the Memorandum and Articles of Association.

Trustees are invited to attend an individual meeting with the Chief Executive to familiarise themselves with the charity and the context within which it operates. This meeting covers:

- The roles and responsibilities of Trustees
- An overview of the governing document and key policies including equal opportunities and financial management
- The current financial position of the organisation, including an introduction to key funders and their requirements
- An overview of the Business Plan, focusing on future plans and objectives
- An overview of the current Risk Assessment

Related Parties

At a national level, provision and procurement of quality legal advice is ensured principally through the Legal Aid Agency and the Law Society. The charity engages with these bodies through the maintenance of the Lexcel Quality Standard and through compliance with Solicitors' Practice Rules. The charity also maintains membership of the Law Centres Network, which provides important links to wider policy issues and support for the organisation in management practice and strategic development. Locally, the charity is represented on the Tower Hamlets Community Advice Network, a group of advice agencies working in the borough.

Public Benefit

In planning and reviewing the following activities, the Trustees have given careful consideration to the Charity Commission guidance on public benefit. We are satisfied that in the management of resources to deliver legal advice services we can demonstrate that our work benefits not only our clients but also to the wider community.

Organisational Structure and Decision Making

The Law Centre's members elect its Trustees, who are responsible for the strategic direction of the Law Centre and oversight of its work and finances.

The Trustees delegate day-to-day responsibility for the provision of services to the Chief Executive and the Senior Solicitor. The Chief Executive is responsible for ensuring the secure financial management and administration of the charity and the Senior Solicitor is responsible for ensuring the quality of the services delivered. Effective management and supervision of the staff team is the responsibility of both the Chief Executive and the Senior Solicitor.

Remuneration of Key Management Personnel

The remuneration of the charity's key management personnel, the Chief Executive and the Senior Solicitor, is set by the Board of Trustees, taking into account the charity's financial position and the amount paid for comparable roles in comparable organisations.

Volunteers

The Law Centre is grateful for support of its volunteers. In particular, we are indebted to the trainee solicitors from Freshfields Bruckhaus Deringer, Norton Rose Fulbright, Ashurst, and Ince & Co., who offer pro bono advice on housing, employment, welfare benefits and immigration.

TOWER HAMLETS LAW CENTRE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020
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Responsibilities of the Trustees

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

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that 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.

Independent Examiner

Stephen Jones of Myrus Smith Chartered Accountants was appointed as our independent examiner at the Annual General Meeting in November 2019. He has expressed his willingness to accept appointment and a resolution to appoint him for 2020/21 will be proposed at the forthcoming Annual General Meeting.

Small Company Exemptions

This report is prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the Trustees on 24 November 2020 and signed on its behalf, by:


Mark Kalderon
Treasurer

Independent Examiner's Report to the Trustees of:

TOWER HAMLETS LAW CENTRE

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 March 2020 which are set out on pages 9 to 20.

Responsibilities and basis of report

As the charity trustees of the company (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 the company 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 company'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 the company'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 ICAEW, 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 that in any material respect:

1. accounting records were not kept in respect of the company 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.



Stephen Jones FCA
% Myrus Smith, Chartered Accountants
Norman House
8 Burnell Road
Sutton, Surrey
SM1 4BW

24. 11. 2020

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Income from:					
Donations	2	78,228	103,654	181,882	193,787
Charitable activities	3	176,869	165,964	342,833	404,982
Investments	4	315	-	315	124
Total		<u>255,412</u>	<u>269,618</u>	<u>525,030</u>	<u>598,893</u>
Expenditure on:					
Charitable activities	5	<u>203,111</u>	<u>282,950</u>	<u>486,061</u>	<u>452,849</u>
Total		<u>203,111</u>	<u>282,950</u>	<u>486,061</u>	<u>452,849</u>
Net income/(expenditure)	9	52,301	(13,332)	38,969	146,044
Transfer between funds	15	-	-	-	-
Net movement in funds		52,301	(13,332)	38,969	146,044
Reconciliation of funds					
Total funds brought forward	15	<u>138,679</u>	<u>20,000</u>	<u>158,679</u>	<u>12,635</u>
Total funds carried forward	15	<u>190,980</u>	<u>6,668</u>	<u>197,648</u>	<u>£158,679</u>

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all recognised gains and losses.

The notes form part of the financial statements.

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	£	2020	£	£	2019	£
FIXED ASSETS							
Tangible fixed assets	11			5,081			3,764
CURRENT ASSETS							
Debtors	12	65,224			76,829		
Cash at bank and in hand		190,263			169,167		
		255,487			245,996		
CREDITORS: Amounts falling due within one year	13	39,622			62,130		
NET CURRENT ASSETS				215,865			183,866
TOTAL ASSETS LESS CURRENT LIABILITIES				220,946			187,630
CREDITORS: Amounts falling due after more than one year	14			23,298			28,951
NET ASSETS	16			£197,648			£158,679
FUNDS							
Restricted	15	6,868			20,000		
Unrestricted - Designated	15	50,000			50,000		
Unrestricted - General	15	140,980			88,679		
				£197,648			£158,679

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2020. The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2020 in accordance with Section 467 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Trustees on 24 November 2020 and signed on its behalf by:

James Blythe
Trustee and Chair



The notes form part of the financial statements.

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Cash flows from operating activities:		
Net movement in funds	38,969	146,044
Adjustments for:		
Interest receivable	(315)	(124)
Depreciation charges	2,618	1,635
Decrease/(increase) in debtors	11,605	(17,303)
(Decrease) in creditors	(28,161)	(2,029)
Net cash provided by operating activities	<u>24,716</u>	<u>128,223</u>
Cash flows from investing activities:		
Interest received	315	124
Purchase of tangible fixed assets	(3,935)	(770)
Net cash used in investing activities	<u>(3,620)</u>	<u>(646)</u>
Change in cash and cash equivalents in the year	21,096	127,577
Cash and cash equivalents brought forward	<u>169,167</u>	<u>41,590</u>
Cash and cash equivalents carried forward	<u><u>£190,263</u></u>	<u><u>£169,167</u></u>
Analysis of cash and cash equivalents	2020	2019
Cash at bank and in hand	<u><u>£190,263</u></u>	<u><u>£169,167</u></u>

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES

Basis of accounting

The charity constitutes a public benefit entity as defined by FRS 102. 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) issued in October 2019, Charities SORP (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis and under the historical cost convention. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Income recognition

Items of income are recognised in the financial statements when all of the following criteria are met:

- The charity has entitlement to the funds;
- any performance conditions have been met or are fully within the control of the charity;
- there is sufficient certainty that receipt of the income is considered probable; and
- the amount can be measured reliably.

Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount can be measured reliably. Expenditure on charitable activities comprises the costs associated with delivering specialist legal advice.

Expenditure includes those costs of a direct nature which can be allocated to a specific activity. It also includes indirect costs, including governance costs that do not relate to a specific activity but are necessary to support those activities. Support costs are apportioned to each activity on the basis of staff time.

Fund accounting

Unrestricted general funds are freely available for use in furtherance of the objects of the charity and which have not been designated for particular purposes.

Designated funds are unrestricted funds set aside by the trustees for particular purposes.

Restricted funds are funds which can only be used in accordance with specific restrictions imposed by the donor or which have been raised for a particular purpose.

Tangible fixed assets and depreciation

Tangible assets costing more than £500 are capitalised. Depreciation is provided so as to write off the cost of each asset over its estimated useful life at the following annual rates:

Fixtures and fittings	20% straight line
Computer equipment	25% straight line

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020
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1. ACCOUNTING POLICIES (cont'd)

Leases

Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pensions

The charity operates a defined contribution pension scheme. Contributions payable under the scheme are charged the Statement of Financial Activities in the year to which they relate.

The charity also has ongoing historic obligations under a multi-employer defined benefit pension scheme. It is not possible for the charity to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme and it therefore accounts for the scheme as a defined contribution scheme.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairments are recognised in expenditure.

2. DONATIONS	Unrestricted funds	Restricted funds	Total 2020	Total 2019
Grants	10,000	103,654	113,654	115,000
Donations	68,228	-	68,228	78,787
	<u>£78,228</u>	<u>£103,654</u>	<u>£181,882</u>	<u>£193,787</u>

Of the £193,787 recognised in 2019, £98,787 was unrestricted and £95,000 was restricted.

3. INCOME FROM CHARITABLE ACTIVITIES	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Grants and contracts:				
Legal Aid Agency	61,056	-	61,056	104,547
London Borough of Tower Hamlets	-	120,964	120,964	144,592
Housing Possession Court Duty Scheme	13,536	-	13,536	21,024
Trust for London	-	45,000	45,000	44,000
Real DPO Limited	57,621	-	57,621	56,854
Fees from private clients	44,656	-	44,656	33,965
	<u>£176,869</u>	<u>£165,964</u>	<u>£342,833</u>	<u>£404,982</u>

Of the £404,982 recognised in 2019, £216,390 was unrestricted funds and £188,592 was restricted funds.

TOWER HAMLETS LAW CENTRE
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020
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4. INVESTMENT INCOME	Unrestricted funds	Restricted funds	Total 2020	Total 2019
Bank interest	£315	£Nil	£315	£124

All of the £124 recognised in 2019 was unrestricted funds.

5. EXPENDITURE ON CHARITABLE ACTIVITIES	Direct costs £	Support costs £	Total 2020 £	Total 2019 £
Housing	65,854	58,131	123,985	136,077
Immigration	130,076	87,195	217,271	172,437
Welfare	86,674	58,131	144,805	144,335
	<u>£282,604</u>	<u>£203,457</u>	<u>£486,061</u>	<u>£452,849</u>

Of the £452,849 expenditure recognised in 2019, £189,257 was charged to unrestricted funds and £263,592 was charged to restricted funds.

6. ANALYSIS OF DIRECT COSTS	Total 2020 £	Total 2019 £
Staff costs	254,009	224,802
Other direct costs	28,595	48,728
	<u>£282,604</u>	<u>£273,530</u>

7. ANALYSIS OF SUPPORT COSTS	Total 2020 £	Total 2019 £
Staff and freelance costs	138,674	119,364
Office costs	39,094	34,812
Premises costs	21,984	21,043
Governance costs (see Note 8)	3,705	4,100
	<u>£203,457</u>	<u>£179,319</u>

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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8. GOVERNANCE COSTS	2020 £	2019 £
Independent examiner's fees - Examination	2,295	2,685
- SRA audit	1,410	1,415
	<u>£3,705</u>	<u>£4,100</u>

9. NET EXPENDITURE FOR THE YEAR	2020	2019
The net expenditure for the year is stated after charging:		
Operating lease rentals	£16,121	£15,073
Depreciation of tangible fixed assets	£2,618	£1,635
Independent Examiner's remuneration	£3,705	£4,100
Pension contributions (defined contribution schemes)	£8,560	£15,531
	<u>£371,184</u>	<u>£331,434</u>

During the year Trustees received no remuneration (2019: £Nil) or reimbursed expenses (2019: £Nil).

10. STAFF COSTS AND NUMBERS	2020 £	2019 £
Staff costs were as follows:		
Wages and salaries	334,345	304,372
Social security costs	28,279	11,531
Pension costs	8,560	9,047
Pension deficit	-	6,484
	<u>£371,184</u>	<u>£331,434</u>

The average number of employees during the year was 14 (2019: 14).

No employee received total benefits (excluding employer pension costs) amounting to more than £60,000 in either year.

Total employee benefits received by key management amounted to £29,103 (2019: £28,894). Under FRS 102, employee benefits includes gross salary, employer's NIC, employer's pension contributions and benefits in kind.

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020
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11. FIXED ASSETS	Office & Computer Equipment £	Fixtures & Fittings £	Total £
Cost			
Cost at 1 April 2019	5,331	1,510	6,841
Additions	3,935	-	3,935
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2020	9,266	1,510	10,776
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2019	2,473	604	3,077
Charge for the year	2,316	302	2,618
Eliminated on disposal	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2020	4,789	906	5,695
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 March 2020	<u>£4,477</u>	<u>£604</u>	<u>£5,081</u>
	<hr/>	<hr/>	<hr/>
At 31 March 2019	<u>£2,858</u>	<u>£906</u>	<u>£3,764</u>
	<hr/>	<hr/>	<hr/>
 12. DEBTORS		2020 £	2019 £
Trade debtors		23,001	23,845
Prepayments and accrued income		38,723	49,484
Other debtors		3,500	3,500
		<hr/>	<hr/>
		£65,224	£76,829
		<hr/>	<hr/>
 13. CREDITORS – Amounts falling due within one year		2020 £	2019 £
Trade creditors		17,640	31,352
Accruals and deferred income		8,465	12,944
Taxation and social security		13,517	17,834
		<hr/>	<hr/>
		£39,622	£62,130
		<hr/>	<hr/>
 14. CREDITORS – Amounts falling due after more than one year		2020 £	2019 £
Pension deficit		£23,298	£28,951
		<hr/>	<hr/>

TOWER HAMLETS LAW CENTRE
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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15. MOVEMENT IN FUNDS

2020	Brought Forward £	Income £	Expenditure £	Transfers Between Funds £	Carried Forward £
Restricted funds					
Specialist Welfare Advice Partnership	-	120,964	(120,964)	-	-
Immigration Advice Service	-	45,000	(45,000)	-	-
Solicitor Training	20,000	-	(13,332)	-	6,668
Capacity Building	-	50,000	(50,000)	-	-
Justice First Fellowship Scheme	-	9,568	(9,568)	-	-
EU Settlement Scheme	-	31,586	(31,586)	-	-
ROMA	-	12,500	(12,500)	-	-
	<u>20,000</u>	<u>269,618</u>	<u>(282,950)</u>	<u>-</u>	<u>6,668</u>
Unrestricted funds					
General	88,679	255,412	(203,111)	-	140,980
Designated - Premises	50,000	-	-	-	50,000
	<u>138,679</u>	<u>255,412</u>	<u>(203,111)</u>	<u>-</u>	<u>190,980</u>
Total Funds	<u>£158,679</u>	<u>£525,030</u>	<u>£(486,061)</u>	<u>£Nil</u>	<u>£197,648</u>

Specialist Welfare Advice Partnership

The Specialist Welfare Advice Partnership fund represents MainStream Grant funding from Tower Hamlets Council for the provision of specialist welfare advice services.

Immigration Advice Service

Funding received towards provision of legal advice and support to women across East London suffering domestic violence, complicated by immigration and asylum issues.

Solicitor Training

The Law Centre received a grant in 2018/19 towards the costs of a training contract for a member of staff which commenced in April 2019.

Capacity Building

The Law Centre has received funding towards the costs of developing its fundraising capacity and also towards salaries and overheads.

Justice First Fellowship Scheme

This is funded by the Legal Aid Foundation for the training of Fellow solicitors.

EU Settlement Scheme

This is funded by the Home Office to support vulnerable EU citizens with completing their EUSS applications.

ROMA

This is funded by the Law Centre Network to provide housing advice to Roma migrants.

Designated fund – Premises

The Trustees have designated £50,000 towards the potential costs associated with moving to new premises including payment of a lease premium, fit-out costs, removal costs (including Specialist IT costs) and increased rental costs.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020
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15. MOVEMENT IN FUNDS /contd...

Comparative information for the net movement in funds in the previous year is as follows:

	Brought Forward £	Income £	Expenditure £	Transfers Between Funds £	Carried Forward £
2019					
Restricted funds					
Specialist Welfare Advice Partnership	-	144,592	(144,592)	-	-
Immigration Advice Service	-	44,000	(44,000)	-	-
Solicitor Training	-	20,000	-	-	20,000
Capacity Building	-	75,000	(75,000)	-	-
	<u>-</u>	<u>283,592</u>	<u>(263,592)</u>	<u>-</u>	<u>20,000</u>
Unrestricted funds					
General	12,635	315,301	(189,257)	(50,000)	88,679
Designated - Premises	-	-	-	50,000	50,000
	<u>12,635</u>	<u>315,301</u>	<u>(189,257)</u>	<u>-</u>	<u>138,679</u>
Total Funds	<u>£12,635</u>	<u>£598,893</u>	<u>£(452,849)</u>	<u>£Nil</u>	<u>£158,679</u>

**16. ANALYSIS OF NET ASSETS
BETWEEN FUNDS**

2020

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed Assets	5,081	-	5,081
Current assets	248,819	6,668	255,487
Current liabilities	(39,622)	-	(39,622)
Non-current liabilities	(23,298)	-	(23,298)
As at 31 March 2020	<u>£190,980</u>	<u>£6,668</u>	<u>£197,648</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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**16. ANALYSIS OF NET ASSETS
BETWEEN FUNDS /contd...**

Comparative information for the analysis of net assets between funds at the end of the previous year is as follows:

	Unrestricted Funds	Restricted Funds	Total Funds
2019			
Fixed Assets	3,764	-	3,764
Current assets	225,996	20,000	245,996
Current liabilities	(62,130)	-	(62,130)
Non-current liabilities	(28,951)	-	(28,951)
As at 31 March 2019	<u>£138,679</u>	<u>£20,000</u>	<u>£158,679</u>

17. COMPANY STATUS

Tower Hamlets Law Centre is a private company limited by guarantee with no share capital and is registered in England and Wales. Each member is liable to contribute a sum not exceeding £1 in the event of the company being wound up. The registered office of the company is given in the Reference and Administrative Details of the Trustees' Annual Report.

18. TAXATION

As a registered charity, Tower Hamlets Law Centre is exempt from taxation under Part 11 of the Corporation Tax Act 2010 and Section 256 of the Taxation of Chargeable Gains Act 1992.

19. OPERATING LEASE COMMITMENTS

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

	2020 £	2019 £
Due within one year	9,242	7,973
Due within one to five years	1,736	-
	<u>£10,978</u>	<u>£7,973</u>

20. CONTINGENT LIABILITIES

The Pension Trust – The Growth Plan

The charity participates in the above multi-employer pension scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the charity to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020
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20. CONTINGENT LIABILITIES/contd...

The scheme is classified as a 'last-man standing arrangement'. Therefore the charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This actuarial valuation showed assets of £795m, liabilities of £926m and a deficit of £131m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

The charity's share of the recovery plan contributions amounts to £5,488 per annum, increasing by 3% each year until 31 January 2025. The total amount due under the original recovery plan amounting to £40,179 was recognised as a liability in the balance sheet in the year ended 31 March 2016. The liability has not been discounted to net present value on the grounds of immateriality.

As a result of changes to the recovery plan, effective from 1 April 2019, an additional liability of £6,484 was recognised in the 31 March 2019 accounts.

The estimated debt on withdrawal from the scheme is £85,901 (effective date 30 September 2019) and it is anticipated that this will reduce over time as a result of the recovery plan contributions and investment returns.

21. CONTINGENT ASSETS

The charity has been awarded some multi-year grants with specified or implied timeframes which preclude recognition of the full amount. The following contingent assets are therefore disclosed:

London Borough of Tower Hamlets	£292,005	(Specialist Welfare Advice Partnership)
City Bridge Trust	£25,000	(Capacity Building)
Trust for London	£45,000	(Immigration Advice Service)
Legal Education Fellowship	£28,705	(Justice First Fellowship Scheme)

22. CLIENT MONIES

In addition to the assets and liabilities included in these financial statements the charity also holds client money amounting to £33,381 as at 31 March 2020 (£39,668 as at 31 March 2019) in a separate client bank account.