

TOWER HAMLETS LAW CENTRE

(Company No.: 01720518)

(Charity No.: 287282)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021

Reference and Administrative Details

Trustees

James Blythe, Chair
Mark Kalderon, Treasurer
Rosalind Shaw, Secretary
Manuhar Ali
Derek Maurice Cox
Abdus Salam (to 04 February 2021)
Catherine Tuitt
Maria-Grazia Donvito
Yvonne Kramo
Dyna Zekaoui (to 20 March 2021)
Kathleen Kurilecz
Philip Bartlett (from 14 July 2020)
Tahera Begum (from 13 October 2020)
Robyn Jones (from 18 May 2021)

Senior Managers

Martin South, Chief Executive
Bolaji Bishi, Senior Solicitor

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 2021

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 2021. 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.

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 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.
- We help people with all kinds of problems at work, including pay and working conditions, unfair dismissal and redundancy.

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 2021 was the second year covered by the Plan, which has been reviewed by the trustees against the criteria that it contains for assessing success. The trustees are preparing a new Strategic Plan for 2022-25 which will set key objectives for the future.

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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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, welfare benefits, and (from January 2021) employment law throughout the year. Under normal circumstances, we would have delivered this service principally from our office in St Anne Street, near Westferry DLR, with advice to individuals provided at drop in, evening and outreach sessions or during individual casework appointments with specialist caseworkers and solicitors. The Covid-19 pandemic, and the national response to it, had a significant impact on service delivery for the year, however, with the first lockdown starting only a few weeks before the start of our business year.

Thanks to the efforts of our dedicated staff and volunteers, we were able to maintain all our casework services except for face-to-face interviews following lockdown. Staff worked mostly from home and none were furloughed.

From mid-April 2020, we restored our pro bono advice clinics (which were suspended as lockdown started) in housing, employment and immigration law, all as telephone services.

In August 2020, we reintroduced face-to-face interviews for the clients who needed them most, and have maintained them since (although we also kept this under review in the light of the progress of the pandemic and Government guidance).

In January 2021, we extended our services to cover legal casework in employment law, in response to a surge in demand from people who had been thrown out of work or otherwise disadvantaged in their employment by the pandemic.

Throughout the year, we kept our website, www.thlc.co.uk, updated with details of our services as well as useful information about special Government measures that had been taken in respect of housing, immigration, welfare benefits and employment law.

During the year 2020-21 we worked on 1,231 cases. This number was substantially smaller than we would have expected if not for the effect of Covid-19. The reasons for this included the following:

- some potential new clients were unable to access services using email, phone or more advanced communications technology like video calling; others were able to access services in this way but preferred to wait before seeking advice in the hope that face-to-face services would be generally restored;
- the process of introducing new arrangements for digital home working required the investment of a lot of time and energy. Our staff, who were unfailingly positive and supportive, had to adjust to new ways of working, which had an impact on productivity;
- special measures that the Government introduced (for example the suspension of housing possession proceedings; the extension of leave to remain in immigration cases; and the suspension of new reviews and reassessments in welfare benefits cases) meant that there was a temporary reduction in cases at the point when we would normally take them on, such as appeals and court appearances.

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 2021
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Partnership Working, Provision of Second Tier Support and Community Education

The Housing Possession Duty Solicitor Scheme at Bow County Court, providing assistance, advice and representation at court to those facing possession proceedings, was suspended throughout the year.

We continued to provide second tier support to other advice agencies in the borough, including advice by telephone and supervision support, but many other activities fell into abeyance as we and other agencies focused on maintaining core services to clients. We continued to participate in the Tower Hamlets Community Advice Network and the Advice Tower Hamlets and Local Link partnerships, which met virtually throughout the year to co-ordinate services and offer mutual support.

IT and Communications Systems

By the beginning of our business year, we were already pursuing the goal, set out in our Strategic Plan 2019-2022, of moving all our IT systems to the cloud and introducing paperless working. This helped us to respond quickly and effectively to the challenges of the Covid-19 lockdown and home working.

From the start of lockdown, staff could access all the IT systems they needed to continue working from home, but we took further steps in order to improve data security and ensure that staff had access to consistent and high quality equipment. In particular, in June 2020, we supplied all staff with new laptops and associated equipment (17 in all) with the generous support of the London Community Response Fund, the Law Centres Network and the Legal Education Foundation. In January 2021, we supplied all staff with headsets and switched our telephony to Microsoft Teams, enabling seamless call handling from any location and full integration with our communications and file management systems.

Financial Review

Earnings from legal aid were greatly reduced in 2020-21.

During 2020-21, we were helped by the flexibility of our existing funders and – very significantly – by a grant from the part of the Community Justice Fund that was devoted to law centres. We are immensely grateful for the continuing support of funders like the City Bridge Trust, the Trust for London, the Legal Education Foundation, the London Legal Support Trust and the A.B. Charitable Trust as well as our corporate supporters, including Freshfields Bruckhaus Deringer, Norton Rose Fulbright, Ashurst and Ince.

Income from legal aid will continue to be greatly reduced in 2021-22.

The funding environment for advice services has been particularly challenging for nearly ten years, and despite achieving surpluses since 2017/18, the law centre's sustainability remains uncertain. We continue to be supported by generous donations from our corporate supporters and grants from trusts and foundations. The (understandable and welcome) focus by funders on emergency funding during 2020-21 has also meant that many funders were late in turning their attention to the following years, making it harder to plan and address funding from trusts and foundations for 2021-22 and beyond.

Funding from the L. B. Tower Hamlets Local Community Fund (which we receive as part of the Advice Tower Hamlets consortium) is continuing unchanged, but funding for the Local Link programme will end in 2021-22 and we are likely to result in a significantly reduced income from this source under the council's recommissioned service.

Overall, we expect to end 2021-22 with a small deficit, which the trustees have agreed to meet from our reserves.

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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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 of March 2020. They have not yet arrived at a final view, but will remain in the existing premises until at least December 2022, when the current lease expires.

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 2021-22 is a little less than £600,000. The target for reserves is therefore £200,000. 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 2021 was £203,815 which is above the target of £200,000.

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 have started work on a new Strategic Plan 2022-25, which will take account of performance against the current Plan, and also the different and more challenging circumstances introduced by the COVID-19 pandemic.

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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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 4 May 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.

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

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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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, who offer pro bono advice on housing, employment, welfare benefits and immigration.

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 (United Kingdom Generally Accepted Accounting Practice).

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

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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Responsibilities of the Trustees /contd...

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 2020. He has expressed his willingness to accept appointment and a resolution to appoint him for 2021/22 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 23 November 2021 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 2021 which are set out on pages 11 to 23.

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

23. 11. 2021

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Income from:					
Donations	2	87,393	107,115	194,508	181,882
Charitable activities	3	107,856	252,335	360,191	342,833
Investments	4	91	-	91	315
Total		<u>195,340</u>	<u>359,450</u>	<u>554,790</u>	<u>525,030</u>
Expenditure on:					
Charitable activities	5	<u>182,505</u>	<u>366,118</u>	<u>548,623</u>	<u>486,061</u>
Total		<u>182,505</u>	<u>366,118</u>	<u>548,623</u>	<u>486,061</u>
Net income/(expenditure)	9	12,835	(6,668)	6,167	38,969
Transfer between funds	15	-	-	-	-
Net movement in funds		12,835	(6,668)	6,167	38,969
Reconciliation of funds					
Total funds brought forward	15	<u>190,980</u>	<u>6,668</u>	<u>197,648</u>	<u>158,679</u>
Total funds carried forward	15	<u>£203,815</u>	<u>£Nil</u>	<u>£203,815</u>	<u>£197,648</u>

All income and expenditure derive from continuing activities.

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

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	£	2021 £	£	2020 £
FIXED ASSETS					
Tangible fixed assets	11		13,743		5,081
CURRENT ASSETS					
Debtors	12	92,682		65,224	
Cash at bank and in hand		183,169		190,263	
		<u>275,851</u>		<u>255,487</u>	
CREDITORS: Amounts falling due within one year	13	68,593		39,622	
NET CURRENT ASSETS			<u>207,258</u>		<u>215,865</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			221,001		220,946
CREDITORS: Amounts falling due after more than one year	14		17,186		23,298
NET ASSETS	16		<u>£203,815</u>		<u>£197,648</u>
FUNDS					
Restricted	15		-		6,668
Unrestricted - Designated	15		50,000		50,000
Unrestricted - General	15		153,815		140,980
	15		<u>£203,815</u>		<u>£197,648</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2021. The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2021 in accordance with Section 476 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 23 November 2021 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 2021

	2021	2020
	£	£
Cash flows from operating activities:		
Net movement in funds	6,167	38,969
Adjustments for:		
Interest receivable	(91)	(315)
Depreciation charges (note 11)	6,379	2,618
Decrease/(increase) in debtors	(27,458)	11,605
(Decrease)/increase in creditors	22,859	(28,161)
Net cash provided by operating activities	<u>7,856</u>	<u>24,716</u>
Cash flows from investing activities:		
Interest received (note 4)	91	315
Purchase of tangible fixed assets	(15,041)	(3,935)
Net cash used in investing activities	<u>(14,950)</u>	<u>(3,620)</u>
Change in cash and cash equivalents in the year	(7,094)	21,096
Cash and cash equivalents brought forward	<u>190,263</u>	<u>169,167</u>
Cash and cash equivalents carried forward	<u>£183,169</u>	<u>£190,263</u>
Analysis of cash and cash equivalents	2021	2020
Cash at bank and in hand	<u>£183,169</u>	<u>£190,263</u>

The notes form part of the financial statements.

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021+

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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 2021 £	Total 2020 £
Grants	15,000	107,115	122,115	113,654
Donations	72,393	-	72,393	68,228
	<u>£87,393</u>	<u>£107,115</u>	<u>£194,508</u>	<u>£181,882</u>

Of the £181,882 recognised in 2020, £78,228 was unrestricted and £103,654 was restricted.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Grants and contracts:				
Legal Aid Agency	32,200	-	32,200	61,056
London Borough of Tower Hamlets/East				
End Citizens Advice Bureau	-	102,335	102,335	120,964
Housing Possession Court Duty Scheme	288	-	288	13,536
Trust for London	-	45,000	45,000	45,000
Real DPO Limited	53,631	-	53,631	57,621
Crisis Hub Agreement	-	5,000	5,000	-
COVID-19 Specialist Advice Services	-	100,000	100,000	-
Fees from private clients	21,737	-	21,737	44,656
	<u>£107,856</u>	<u>£252,335</u>	<u>£360,191</u>	<u>£342,833</u>

Of the £342,833 recognised in 2020, £176,869 was unrestricted funds and £165,964 was restricted funds.

TOWER HAMLETS LAW CENTRE
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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4. INVESTMENT INCOME	Unrestricted funds	Restricted funds	Total 2021	Total 2020
Bank interest	£91	£Nil	£91	£315
	<u>£91</u>	<u>£Nil</u>	<u>£91</u>	<u>£315</u>
All of the £315 recognised in 2020 was unrestricted funds.				
5. EXPENDITURE ON CHARITABLE ACTIVITIES	Direct costs £	Support costs £	Total 2021 £	Total 2020 £
Housing	95,273	75,516	170,789	123,985
Employment	9,094	7,552	16,646	-
Immigration	129,829	90,619	220,448	217,271
Welfare	102,982	37,758	140,740	144,805
	<u>£337,178</u>	<u>£211,445</u>	<u>£548,623</u>	<u>£486,061</u>

Of the £486,061 expenditure recognised in 2020, £203,111 was charged to unrestricted funds and £282,950 was charged to restricted funds.

6. ANALYSIS OF DIRECT COSTS	Total 2021 £	Total 2020 £
Staff costs	329,249	254,009
Other direct costs	7,929	28,595
	<u>£337,178</u>	<u>£282,604</u>
7. ANALYSIS OF SUPPORT COSTS	Total 2021 £	Total 2020 £
Staff and freelance costs	145,091	138,674
Office costs	40,656	39,094
Premises costs	22,248	21,984
Governance costs (see Note 8)	3,450	3,705
	<u>£211,445</u>	<u>£203,457</u>
8. GOVERNANCE COSTS	2021 £	2020 £
Independent examiner's fees - Examination	2,200	2,295
SRA audit	1,250	1,410
	<u>£3,450</u>	<u>£3,705</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021
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9. NET INCOME/EXPENDITURE FOR THE YEAR 2021 2020

The net income/expenditure for the year is stated after charging:

Operating lease rentals	£17,532	£16,121
Depreciation of tangible fixed assets	£6,379	£2,618
Independent Examiner's remuneration	£2,200	£2,295
Pension contributions (defined contribution schemes)	£9,646	£8,560
	<u>£35,757</u>	<u>£29,594</u>

During the year Trustees received no remuneration (2020: £Nil) or reimbursed expenses (2020: £Nil).

10. STAFF COSTS AND NUMBERS 2021 2020
£ £

Staff costs were as follows:

Wages and salaries	415,012	334,345
Social security costs	33,542	28,279
Pension costs	9,646	8,560
	<u>£458,200</u>	<u>£371,184</u>

The average number of employees during the year was 17 (2020: 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 £29,082 (2020: £29,103). Under FRS 102, employee benefits includes gross salary, employer's NIC, employer's pension contributions and benefits in kind.

11. FIXED ASSETS

	Office & Computer Equipment £	Fixtures & Fittings £	Total £
Cost			
Cost at 1 April 2020	9,266	1,510	10,776
Additions	15,041	-	15,041
Disposals	-	-	-
At 31 March 2021	<u>24,307</u>	<u>1,510</u>	<u>25,817</u>
Depreciation			
At 1 April 2020	4,789	906	5,695
Charge for the year	6,077	302	6,379
Eliminated on disposal	-	-	-
At 31 March 2021	<u>10,866</u>	<u>1,208</u>	<u>12,074</u>
Net Book Value			
At 31 March 2021	<u>£13,441</u>	<u>£302</u>	<u>£13,743</u>
At 31 March 2020	<u>£4,477</u>	<u>£604</u>	<u>£5,081</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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12. DEBTORS	2021 £	2020 £
Trade debtors	21,613	23,001
Prepayments and accrued income	67,569	38,723
Other debtors	3,500	3,500
	<u>£92,682</u>	<u>£65,224</u>

13. CREDITORS – Amounts falling due within one year	2021 £	2020 £
Trade creditors	36,323	17,640
Accruals and deferred income (see below)	20,719	8,465
Taxation and social security	11,551	13,517
	<u>£68,593</u>	<u>£39,622</u>

DEFERRED INCOME	Balance Brought Forward £	Additions in Year £	Released to Income £	Balance Carried Forward £
Grants	<u>-</u>	<u>16,250</u>	<u>(5,500)</u>	<u>10,750</u>

Deferred income reflects grant income received in advance for the following financial year, to be expended in accordance with specified or implied timeframes and agreed budgets.

14. CREDITORS – Amounts falling due after more than one year	2021 £	2020 £
Pension deficit	<u>£17,186</u>	<u>£23,298</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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15. MOVEMENT IN FUNDS

2021	Brought Forward £	Income £	Expenditure £	Transfers Between Funds £	Carried Forward £
Restricted funds					
Access to Justice	-	6,000	(6,000)	-	-
Specialist Welfare Advice Partnership	-	102,335	(102,335)	-	-
Immigration Advice Service	-	45,000	(45,000)	-	-
Solicitor Training	6,668	-	(6,668)	-	-
Capacity Building	-	18,750	(18,750)	-	-
Justice First Fellowship Scheme	-	39,273	(39,273)	-	-
EU Settlement Scheme	-	31,351	(31,351)	-	-
Crisis Hub Agreement	-	5,000	(5,000)	-	-
COVID-19 Specialist Advice Services	-	100,000	(100,000)	-	-
London Community Response	-	11,741	(11,741)	-	-
	<u>6,668</u>	<u>359,450</u>	<u>(366,118)</u>	<u>-</u>	<u>-</u>
Unrestricted funds					
General	140,980	195,340	(182,505)	-	153,815
Designated - Premises	50,000	-	-	-	50,000
	<u>190,980</u>	<u>195,340</u>	<u>(182,505)</u>	<u>-</u>	<u>203,815</u>
Total Funds	<u>£197,648</u>	<u>£554,790</u>	<u>£(548,623)</u>	<u>£Nil</u>	<u>£203,815</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

/contd...

15. MOVEMENT IN FUNDS /contd...

Access to Justice

Money invested in the infrastructure of the organisation including training and consultancy.

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.

Crisis Hub Agreement

Support for Crisis's "Skylight Centres" and other frontline organisations.

COVID-19 Specialist Advice Services

This was money which enabled services to continue throughout the worst of the pandemic.

London Community Response

This was money for and spent on computer equipment.

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 2021

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15. MOVEMENT IN FUNDS /contd...

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

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>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2021

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed Assets	13,743	-	13,743
Current assets	265,101	10,750	275,851
Current liabilities	(57,843)	(10,750)	(68,593)
Non-current liabilities	(17,186)	-	(17,186)
As at 31 March 2021	<u>£203,815</u>	<u>£Nil</u>	<u>£203,815</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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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 £
2020			
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>

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:

	2021 £	2020 £
Due within one year	9,242	9,242
Due within one to five years	744	1,736
	<u>£9,986</u>	<u>£10,978</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 2021

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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 £83,208 (effective date 30 September 2020) 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 as at 31 March 2021:

London Borough of Tower Hamlets/ East End Citizens Advice Bureau	£194,670	(Specialist Welfare Advice Partnership)
City Bridge Trust	£12,500	(Capacity Building)
Trust for London	£38,120	(London Community Response)
Legal Education Fellowship	£28,705	(Justice First Fellowship Scheme)
Law Centres Network	£13,000	(Crisis Hub Agreement)
Home Office & Law Centres Network	£29,710	(EU Settlement Scheme)
City Bridge Trust	£100,000	(Contribution towards Running Costs)

22. CLIENT MONIES

In addition to the assets and liabilities included in these financial statements the charity also holds client money amounting to £95,994 as at 31 March 2021 (£33,381 as at 31 March 2020) in a separate client bank account.