

Company registration number: 01653936

Charity registration number: 1105937

NORTH EAST LAW CENTRE

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2022

North East Law Centre

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North East Law Centre

Reference and Administrative Details

Trustees	Mr D Slater, Chair Mr J Cripps, Vice Chair Mr P Jones Mr A D Wake Mrs K J Proud Ms S E Farish Mrs A Khatiri (appointed 19 May 2021) Prof P Hopkins (appointed 6 August 2021) Mr M Tse, Treasurer (appointed 16 September 2021)
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Key Management Personnel	Mr M Fawole Centre Director Mrs C Hurst Senior Solicitor Mrs J Maxwell Finance Officer Board of Trustees
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Principal Office	MEA House Ellison Place Newcastle upon Tyne NE1 8XS
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Company Registration Number	01653936
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Charity Registration Number	1105937
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Bankers	The Co-operative Bank plc 84-86 Grey Street Newcastle upon Tyne NE1 6BZ
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Independent Examiner	Azets Audit Services Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
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North East Law Centre

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2022.

Structure, governance and management

Nature of governing document

North East Law Centre is a registered charity and company limited by guarantee. The company is governed by its Memorandum and Articles of Association and was incorporated on 26 July 1982 and last amended on 23rd April 2018 - number 01653936 and is also a registered charity - number 1105937.

Recruitment and appointment of trustees

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

Induction and training of trustees

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

The Trustees have placed particular emphasis on Equality, Diversity and Inclusion in the past year and have worked closely with an independent consultant to improve their understanding of institutional barriers facing minorities. Trustee recruitment has brought greater diversity, but the Trustees remain aware that as a Board we do not fully reflect the lived experience of our clients. We are developing a plan to ensure we do all we can to tackle systemic and other barriers to equality.

Organisational structure

The charity is managed by the trustees who meet at least 6 times per year. The trustees, who served during the year and up to date of the report, are set out on page 1. There were some changes in the trustees this year, but the breadth of experience of the board continues to increase with a range of required skills to better support the organisation.

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

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

North East Law Centre

Trustees' Report

Objectives and activities

Objects and aims

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

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

Fundraising disclosures

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

Public benefit

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

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Achievements and performance

The charity's main activities and who we assist are described below. The Law Centre is focused on assisting people to overcome the effects of poverty and inequality. All its charitable activities focus on people on low incomes and are undertaken to further North East Law Centre's charitable purposes for the public benefit.

Primary activities include: -

- An open-door reception and referral service available 5 days a week to help people identify the key legal issues they are facing and to link them with appropriate support (both within the organisation and externally)
- Specialist casework teams in immigration/asylum, family, welfare rights, employment and education.
- Outreach programme delivering 6 specialist legal advice sessions, normally based in front line services and community venues, but mostly operating remotely at the moment due to the impact of Covid-19 pandemic.
- Two pro bono clinics providing direct assistance with the help of volunteer lawyers, as well as other pro bono activity linked to specific projects and other casework teams

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- Specialist projects focussing on target client groups – the Refugee Law Project, the Justice Together North East, the Families Through Crisis (FTC), European Union Settlement Scheme (EUSS), Finding Legal Options for Women Survivors (FLOWS), the Recovery Through Rights and the Local Support for Litigants in Person (LSLIP).

Beneficiaries of our Services

Most of our beneficiaries are people on low income, those suffering poor mental health, and other vulnerable groups including victims of domestic abuse and some from migrant communities, and increasingly, they are presenting with clusters of legal issues that cuts across more than one area of law or require the intervention of more than one specialist adviser. Over the last couple of years there has been a sustained increase in the percentage of welfare benefits clients who require assistance due to the inherent issues of the welfare reform programme, and the adverse impact of Covid-19 pandemic. Also, an increasing number of our beneficiaries have some form of ill-health or disability, with those suffering poor mental health showing a marked increase. Initially, most of our effort was focused on supporting their immediate crises as the adverse impact of Covid-19 worsened, but as the lockdown position started to ease, and along with the rolling back of the positive measures implemented during the pandemic (sanctions, furlough scheme, moratorium on debt recovery etc), we have shifted our focus to assisting them in their recovery from the pandemic, and the challenges ahead.

The Covid-19 pandemic has continued to impact our service delivery methods, but we have collaborated with several community partners to explore options for engaging with some of our hard-to-reach client groups through other grassroots and community-based services including foodbanks, social prescription navigators and other charities. We have continued to find new ways of empowering people to be more aware of their rights and to try to provide them with tools to challenge injustice themselves as well as continuing to provide specialist legal advice services to those who would otherwise be unable to get advice. As all the Covid-19 measures have been removed, we have increased the provision of face-to-face appointments with clients in the office- with appropriate precautions in place. We have also implemented a hybrid working policy with staff now able to choose when to work from the office or at home, depending on the requirements of our clients. We have also implemented a rota system so that our office spaces are not overcrowded and so that staff and clients can safely distance.

Reception and Referral Service

In the year 2021/22, the service received 4247 enquiries, of which over 1600 came from people contacting the Law Centre for the first time. Our administrators have performed over and above expectation to ensure that calls into the Centre are handled quickly and in a professional manner and have consistently provided in-person support since the end of last year.

Our office is now fully open, and we have undertaken work to improve the reception, the waiting area and interview facilities for clients and staff. The upgraded facilities provide a welcoming and professional environment in which our clients can feel assured that they are receiving the very best service.

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Staff team

The Charity has continued to increase its staffing resources and currently employs a team that includes: -

Director

Deputy Director

Senior solicitor – supervising all areas of the Law Centre's advice work

Solicitors - 7

Caseworkers – 4

Paralegals- 1

Reception and Referral team – 2

Project Manager – 1

Finance Manager - 1

Project Coordinator -1

One-off advice, casework, advocacy and representation

The Law Centre directly supported over four thousand with one-off advice, casework and representation during the year including:

Category	Enquiries
Immigration and Asylum	1669
Family	977
Education	51
Welfare rights	320
Employment	487
Miscellaneous	674
CICA	35
Disc	34

There were significant casework successes in all areas of law, and over the year we supported clients presenting with more complex and clusters of issues that involved relationship breakdown/children, mental health, domestic violence, employment, homelessness problems, and their immigration statuses that gave rise to the most complex, and arguably the most serious problems for most of our migrant clients. We continue to learn from our beneficiaries on the most appropriate way to support them because we know that most suffer from more problems because their issues are linked but also because our client groups are amongst the most vulnerable in society. Their legal and social needs are complex and intersectional: their social and legal problems interrelate and amplify. We have also continued to work with our community based partner organisations to co-ordinate appropriate solutions to support and resolve their issues.

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Outreach

All our outreach services were severely impacted by the Covid-19 pandemic, but we continued to provide the same level of support remotely wherever possible with some tweaks to accommodate the requirements of our clients. Since the removal of all Covid-19 measures, our welfare rights team have resumed most of the outreach services and we have added new outreach centres in response to the increased demand for support from community partners. Immigration Specialist Advisors have delivered remote outreach advice because of the outreach centres were still adhering to Covid-19 guidelines. However, the provision of remote outreach sessions enabled the Law Centre to meet the needs of people who may not have been able to access mainstream provision and to maximise the impact of our solicitors and caseworkers' time.

Specialist projects

The Law Centre's specialist projects had a highly successful year with some outstanding casework successes and also wider impact on behalf of vulnerable groups.

The Justice Together North East Project was implemented in October 2021 and brought together advice and support partners to develop a Specialist Immigration Advice Hub to widen access to Immigration Law advice throughout the North East. The project aims to support people with lived experience of the immigration system to influence the immigration and asylum system, and it is already impacting the development other similar national projects.

European Union Settlement Scheme project has continued to support European Union (EU) nationals to apply for settled status in the UK. The strong partnership with other local and regional partners has continued and the immigration team provide critical legal work, advocacy and second-tier advice to partners organisations.

Supporting Victims Project has had a successful year, with a marked increase in reported incidents of domestic abuse following the national lockdowns in March 2022, the trend continued throughout the year, with a corresponding increase in the number of migrants with no recourse to public funds. These are mostly women victims of domestic abuse whose immigration statuses are linked to their spouses' visa, meaning they are left without financial support once they flee from their partners. The Law Centre's holistic and multi-disciplinary intervention approach have enabled the team to address our beneficiaries' immediate needs and to resolve their justiciable issues.

Families Through Crisis Project's five year grant ended in September 2021, but the partners were granted an extension by Lottery for another year, and we have continued to work with grassroots organisations to support families in Newcastle who would not ordinarily engage with support services and are experiencing crisis and hardship. The project provided much needed support throughout the Covid-19 pandemic as many families that had not previously engaged with the new welfare system, were supported to navigate the complex application and appeal processes.

Support for Litigant in Person (LSLIP) Project is now fully operational and continues to support activities that target litigants in person at three stages of their journey to resolving their legal issues. There was marked increase in demand for support as the furlough scheme ended in September 2021 and the rolling back of Covid-19 measures shortly after, and the project partners have continued provide early intervention via community navigation, to engage people who may have a legal remedy to their problem/s but are unaware of this, later intervention via specialist casework and support before court, providing advice, guidance and support to LiPs to enable them to represent themselves in court.

Pro Bono Development

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

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- Education Law – supported by a solicitor from private practice
- Employment Law – supported by two barristers and an unregistered barrister
- Discrimination Law – supported by a solicitor from private practice
- Welfare benefits – supported by a retired solicitor.

Second tier support

In line with our North East remit, we offer support to advice agencies and other second tier organisations throughout the North East, in the areas of law in which we specialize. This support is in the form of one-off instances of advice. Also, we continue to run a range of training programmes about access to justice to staff and volunteers from organisations across the VCS.

Financial Position

We continue to work towards our strategic aim of stronger financial sustainability, and we have again strengthened our financial position this year with our turnover over £700k and increased our unrestricted reserves. We will continue work toward increasing our unrestricted reserves further, and these accounts again represent our continued progress.

Risk Management

The board of Trustees conducts regular reviews of the major risks to which the charity is exposed. There is a risk register that is regularly updated and reviewed by the Board. Where appropriate, systems and procedures have been established to mitigate these risks.

The Law Centre was awarded the Law Society's Lexcel Quality Standard in October 2021.

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Reserves policy

The centre retains reserves to help manage variations in funding and spending commitments. The types of reserves and the Board's policy for managing reserves are set out in the table below.

Balance type	Description and purpose(s)	Approach
Restricted reserves	Balances of restricted income paid to the centre but not yet spent on services	Monitor and set a range for management/Board to track against but not a formal policy for the accounts
Unrestricted reserves	Orderly wind down costs for ceasing operations and discharging liabilities	Set a policy of having unrestricted reserves of 1-3 months of <u>total</u> expenditure
	Working capital needed to fund timing differences between costs and income	
	Bridge funding for maintaining services when funding is not available for a short period or there is an unexpected additional expense	
	Available funding for investing in new activities (with designated funds used when investment purpose is clear)	
Designated funds	Unrestricted funding that the Board designates for a particular purpose; these are excluded from the definition of free (unrestricted) reserves and reported separately	To be considered annually by the board of trustees

The Board set a policy of maintaining unrestricted reserves equivalent to between one and three months of total expenditure (excluding grants to partners). In 2021-22 this was a range of £62,500 – £187,500. The Board and centre management have compared this range with estimates of costs in the unlikely event of winding down the centre, the working capital requirements of operating services, and the need to bridge temporary gaps in funding and ensure continuity of services.

The actual level of unrestricted reserves at 31 March 2022 was £258,790, above the upper end of the policy range. This was due to operational limitations on services caused by the pandemic and associated restrictions. The Board of Trustees and centre management are working to bring reserves within the targeted range over time.

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Trustees' Report

Plans for future periods

The Law Centre is committed to continuing to work to increase access to justice for our beneficiaries, and to ensuring a solid financial base for its services.

We will continue to prioritise the provision of quality assured specialist legal advice for everyone throughout the North East and we will continue to develop partnership projects through grants from charitable foundations and Trusts, and statutory funders.

We also remain committed to expanding our services to other parts of the region in recognition of our regional remit, working collaboratively with trusted sector partners.

The Board of Trustees would like to extend their thanks to our funders, partners, and to the Centre's staff and volunteers and the Centre Director for all their continued commitment to the work of the Charity.

North East Law Centre

Statement of Trustees' Responsibilities

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

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

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

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

Approved by the trustees of the charity on 25/11/2022..... and signed on its behalf by:

J Cripps

Jeremy Cripps 25 Nov 2022 11:29:05 GMT (UTC +0)

.....
Mr J Cripps
Trustee

North East Law Centre

Independent Examiner's Report to the trustees of North East Law Centre ("the Company")

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 March 2022.

Responsibilities and basis of report

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

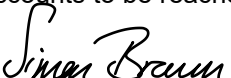
Independent examiner's statement

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

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

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


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

Date: 25/11/2022.....

Azets Audit Services is a trading name of Azets Audit Services Limited.

North East Law Centre

Statement of Financial Activities for the Year Ended 31 March 2022 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Income and Endowments from:					
Donations and legacies	3	1,378	-	1,378	11,330
Charitable activities	4	104,439	638,081	742,520	872,049
Investment income	5	11	-	11	14
Total Income		<u>105,828</u>	<u>638,081</u>	<u>743,909</u>	<u>883,393</u>
Expenditure on:					
Charitable activities	6	<u>(16,775)</u>	<u>(690,888)</u>	<u>(707,663)</u>	<u>(614,262)</u>
Total Expenditure		<u>(16,775)</u>	<u>(690,888)</u>	<u>(707,663)</u>	<u>(614,262)</u>
Net income/(expenditure)		<u>89,053</u>	<u>(52,807)</u>	<u>36,246</u>	<u>269,131</u>
Net movement in funds		89,053	(52,807)	36,246	269,131
Reconciliation of funds					
Total funds brought forward		<u>169,737</u>	<u>193,862</u>	<u>363,599</u>	<u>94,468</u>
Total funds carried forward	19	<u><u>258,790</u></u>	<u><u>141,055</u></u>	<u><u>399,845</u></u>	<u><u>363,599</u></u>

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

North East Law Centre

Comparative Statement of Financial Activities for the Year Ended 31 March 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2021 £
Income and Endowments from:				
Donations and legacies	3	11,330	-	11,330
Charitable activities	4	104,570	767,479	872,049
Investment income	5	14	-	14
Total income		<u>115,914</u>	<u>767,479</u>	<u>883,393</u>
Expenditure on:				
Charitable activities	6	-	(614,262)	(614,262)
Total expenditure		<u>-</u>	<u>(614,262)</u>	<u>(614,262)</u>
Net income		<u>115,914</u>	<u>153,217</u>	<u>269,131</u>
Net movement in funds		115,914	153,217	269,131
Reconciliation of funds				
Total funds brought forward		<u>53,823</u>	<u>40,645</u>	<u>94,468</u>
Total funds carried forward	19	<u><u>169,737</u></u>	<u><u>193,862</u></u>	<u><u>363,599</u></u>

North East Law Centre

(Registration number: 01653936) Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	-	-
Current assets			
Debtors	14	113,341	135,318
Cash at bank and in hand		514,082	323,909
		627,423	459,227
Creditors: Amounts falling due within one year	15	(227,578)	(91,628)
Net current assets		399,845	367,599
Total assets less current liabilities		399,845	367,599
Creditors: Amounts falling due after more than one year	16	-	(4,000)
Net assets		399,845	363,599
Funds of the charity:			
Restricted		141,055	193,862
Unrestricted income funds			
Unrestricted		258,790	169,737
Total funds	19	399,845	363,599

For the financial year ending 31 March 2022 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

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

The financial statements on pages 12 to 30 were approved by the trustees, and authorised for issue on 25/11/2022.... and signed on their behalf by:

J Cripps

Jeremy Cripps 25 Nov 2022 11:29:05 GMT (UTC +0)

Mr J Cripps
Trustee

North East Law Centre

Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash income		36,246	269,131
Adjustments to cash flows from non-cash items			
Investment income	5	<u>(11)</u>	<u>(14)</u>
		36,235	269,117
Working capital adjustments			
Decrease/(increase) in debtors	14	21,977	(71,301)
Increase in creditors	15	98,356	39,484
Increase/(decrease) in deferred income	15	<u>33,594</u>	<u>(49,459)</u>
Net cash flows from operating activities		190,162	187,841
Cash flows from investing activities			
Interest receivable and similar income	5	<u>11</u>	<u>14</u>
Net increase in cash and cash equivalents		190,173	187,855
Cash and cash equivalents at 1 April		<u>323,909</u>	<u>136,054</u>
Cash and cash equivalents at 31 March		<u><u>514,082</u></u>	<u><u>323,909</u></u>

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

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

1 Charity status

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

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

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

Going concern

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

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance. The charity has strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

Estimation uncertainty and judgements

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

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

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

Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income and endowments

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

Donations and legacies

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

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

Deferred income

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

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

Donated services and facilities

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

Gift aid

Incoming resources from tax reclaims are included in the Statement of Financial Activities at the same time as the gift to which they relate.

Investment income

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

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

Other income

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

Expenditure

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

Charitable activities

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

Other expenditure

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

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

Support costs

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

Governance costs

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

Taxation

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

Tangible fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

Depreciation and amortisation

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

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

Impairment of fixed assets

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

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

Trade debtors

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

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

Cash and cash equivalents

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

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

Trade creditors

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

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

Fund structure

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

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

Hire purchase and finance leases

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

Pensions and other post retirement obligations

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

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

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

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

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

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

3 Income from donations and legacies

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Regular giving and capital donations	-	-	369
CJRS Income	1,378	1,378	10,961
	<u>1,378</u>	<u>1,378</u>	<u>11,330</u>

4 Income from charitable activities

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Paid for legal advice	24,080	-	24,080	24,495
Grants	25,000	638,081	663,081	832,180
Other income	55,359	-	55,359	15,374
	<u>104,439</u>	<u>638,081</u>	<u>742,520</u>	<u>872,049</u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

	Unrestricted		Total 2022	Total 2021
	General £	Restricted £	£	£
Grants by provider;				
Access to Justice Foundation	-	-	-	1,585
Big Lottery	-	22,691	22,691	47,677
British Red Cross	-	16,406	16,406	43,750
EU Settlement Scheme	-	105,578	105,578	84,218
Legal Education Foundation	-	68,186	68,186	53,011
Lloyds Bank Foundation for England and Wales	-	33,334	33,334	42,043
Local Authority Grant	-	-	-	33,659
NEFlows Project	-	70,250	70,250	71,422
Police Crime Commissioner for Northumbria	-	61,050	61,050	75,699
The Baring Foundation	-	26,594	26,594	40,566
Tudor Trust	-	33,333	33,333	35,333
William Trust	-	-	-	5,000
A B Charitable Trust	-	-	-	20,000
Wellesley Trust	-	-	-	17,256
Community Fund	-	-	-	82,930
LCN Justice Fund	-	-	-	85,000
Enterprise Development Fund	-	-	-	27,000
Syrian Settlement	-	-	-	7,915
LSIP	-	68,127	68,127	43,116
Community Foundation - Big Night In Match Fund	-	-	-	15,000
MOJ - The Access to Justice Initiative	-	60,000	60,000	-
Justice Together Initiative	-	72,532	72,532	-
Community Foundation	25,000	-	25,000	-
	<u>25,000</u>	<u>638,081</u>	<u>663,081</u>	<u>832,180</u>

5 Investment income

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Interest receivable on bank deposits	<u>11</u>	<u>11</u>	<u>14</u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

6 Expenditure on charitable activities

	Unrestricted		Total 2022	Total 2021
	General £	Restricted £	£	£
Charitable activities	11,898	585,712	597,610	500,915
Support costs	4,877	105,176	110,053	113,347
	<u>16,775</u>	<u>690,888</u>	<u>707,663</u>	<u>614,262</u>

	Activity undertaken directly £	Activity support costs £	2022 £	2021 £
Charitable activities	597,610	107,453	705,063	611,442
Governance costs	-	2,600	2,600	2,820
	<u>597,610</u>	<u>110,053</u>	<u>707,663</u>	<u>614,262</u>

The charity was awarded additional funds as part of the Community Lottery and the Law Centres Network's Justice Fund grants to specifically protect its reserves, that meant some unrestricted funds were not spent towards charitable activities during the accounting period. The plan is to spend some of the unrestricted funds over the course of the current financial year.

7 Analysis of governance and support costs

Charitable activities expenditure

	Unrestricted		Total 2022	Total 2021
	General £	Restricted £	£	£
Premises	-	28,044	28,044	22,577
Equipment leasing	-	2,942	2,942	20,165
Project specific costs and IT costs	-	11,216	11,216	15,755
Bank charges	-	635	635	618
Other support costs	4,877	25,775	30,652	27,986
Legal, professional and consultancy costs	-	33,964	33,964	23,426
Independent examiners fees	-	2,600	2,600	2,820
	<u>4,877</u>	<u>105,176</u>	<u>110,053</u>	<u>113,347</u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

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

Governance costs

	Restricted funds £	Total 2022 £	Total 2021 £
Independent examiner fees			
Examination of the financial statements	2,600	2,600	2,820
	<u>2,600</u>	<u>2,600</u>	<u>2,820</u>

8 Net incoming/outgoing resources

Net incoming resources for the year include:

	2022 £	2021 £
Operating leases - other assets	<u>1,837</u>	<u>1,378</u>

9 Trustees remuneration and expenses

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

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

10 Staff costs

The aggregate payroll costs were as follows:

	2022 £	2021 £
Staff costs during the year were:		
Wages and salaries	455,788	405,800
Social security costs	39,561	28,974
Pension costs	<u>34,123</u>	<u>29,016</u>
	<u>529,472</u>	<u>463,790</u>

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

	2022 No	2021 No
Employees	<u>21</u>	<u>19</u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

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

The total employee benefits of the key management personnel of the charity were £116,631 (2021 - £116,180).

11 Independent examiner's remuneration

	2022 £	2021 £
Examination of the financial statements	<u>2,600</u>	<u>2,820</u>

12 Taxation

The charity is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

13 Tangible fixed assets

	Furniture and equipment £	Total £
Cost		
At 1 April 2021	<u>7,555</u>	<u>7,555</u>
At 31 March 2022	<u>7,555</u>	<u>7,555</u>
Depreciation		
At 1 April 2021	<u>7,555</u>	<u>7,555</u>
At 31 March 2022	<u>7,555</u>	<u>7,555</u>
Net book value		
At 31 March 2022	<u>-</u>	<u>-</u>
At 31 March 2021	<u>-</u>	<u>-</u>

14 Debtors

	2022 £	2021 £
Trade debtors	88,561	81,222
Prepayments	7,280	29,291
Accrued income	<u>17,500</u>	<u>24,805</u>
	<u>113,341</u>	<u>135,318</u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	35,229	850
Other taxation and social security	9,869	475
Other creditors	129,880	70,861
Accruals	2,600	3,036
Deferred income	50,000	16,406
	<u>227,578</u>	<u>91,628</u>

Other creditors includes £4,000 (2021 - £3,900) payable in respect of deficit payments to be made to the defined benefit pension scheme.

Other creditors also includes £121,506 (2021 - £64,211) payable to other partners subject to a funding agreement for which North East Law Centre is acting as agent. The total amount received as agent and subsequently not reflected in the accounts totalled £288,650 (2021 - £162,851). Of this £260,028 (2021 - £108,279) was paid over to the respective partners.

	2022 £	2021 £
Deferred income at 1 April 2021	16,406	65,865
Resources deferred in the period	50,000	16,406
Amounts released from previous periods	<u>(16,406)</u>	<u>(65,865)</u>
Deferred income at year end	<u>50,000</u>	<u>16,406</u>

16 Creditors: amounts falling due after one year

	2022 £	2021 £
Other creditors	<u>-</u>	<u>4,000</u>

Other creditors payable in more than one year includes £nil (2021 - £4,000) payable in respect of deficit payments to be made to the defined pension scheme.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

17 Obligations under leases and hire purchase contracts

Operating lease commitments

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

	2022 £	2021 £
Land and buildings		
Within one year	19,033	19,033
Other		
Within one year	1,837	1,837
Between one and five years	2,296	4,133
	4,133	5,970

18 Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £34,123 (2021 - £29,016).

Contributions totalling £4,374 (2021 - £2,750) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

Tyne and Wear Pension Fund

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

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

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

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

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

At the year end £4,000 (2021 - £7,900) was outstanding (with £4,000 due within one year and £nil due after more than one year).

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

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

19 Funds

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Balance at 31 March 2022 £
Unrestricted funds				
General				
General funds	169,737	105,828	(16,775)	258,790
Restricted funds				
Lloyds Bank Foundation for England and Wales	42,554	33,334	(45,465)	30,423
Police Crime Commissioner for Northumbria	-	61,050	(61,050)	-
Big Lottery	30,652	22,691	(43,510)	9,833
British Red Cross	25,515	16,406	(25,515)	16,406
Legal Education Foundation	-	68,186	(68,186)	-
EU Settlement Scheme	-	105,578	(105,578)	-
The Baring Foundation	15,535	26,594	(38,629)	3,500
NEFlows Project	-	70,250	(70,250)	-
Tudor Trust	33,931	33,333	(53,426)	13,838
Willan Trust	5,000	-	(5,000)	-
Wellesley Trust	17,256	-	(17,256)	-
Community Fund Tyne & Wear	5,419	68,127	(50,822)	22,724
Enterprise Development Fund	3,000	-	(3,000)	-
Community Foundation - Big Night In Match Fund	15,000	-	(15,000)	-
MOJ - The Access to Justice Foundation	-	60,000	(60,000)	-
Justice Together Initiative	-	72,532	(28,201)	44,331
Total restricted funds	<u>193,862</u>	<u>638,081</u>	<u>(690,888)</u>	<u>141,055</u>
Total funds	<u><u>363,599</u></u>	<u><u>743,909</u></u>	<u><u>(707,663)</u></u>	<u><u>399,845</u></u>

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

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

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

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

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

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

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

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

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

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

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

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

Tudor Trust is monies towards the salary cost of the charity's centre director.

Willan Trust – grant towards the Education Law Advice Service, to raise awareness of Education Rights.

Wellesley Trust – grant towards the Education Law Advice Service.

LCN Justice Fund - Ministry of Justice grant distributed by the Law Centres Network (LCN) for the purpose of providing funding to not-for-profit providers of specialist legal advice, to avert their closure and remain operational, providing specialist advice services throughout COVID 19, and other practical considerations.

Enterprise Development Fund - grant support to principally cover the salaries of the Senior Solicitor and the Project Manager, to progress the Private Income Generation project.

Syrian Settlement - Commissions fees to NELC from local authorities to progress immigration applications on behalf of their Syrian Refugee residents.

Community Foundation - Big Night In Match Fund - for the provision of additional advice to clients in Tyne & Wear on low incomes / benefits in the wake of Covid-19 from the NET DCMS Big Night In Match Fund at the Community Foundation.

North East Law Centre

Notes to the Financial Statements for the Year Ended 31 March 2022

20 Analysis of net assets between funds

	Unrestricted General £	Restricted £	Total funds £
Net current assets/(liabilities)	<u>258,790</u>	<u>141,055</u>	<u>399,845</u>
	Unrestricted		Total funds at 31 March 2021
	General £	Restricted £	£
Net current assets/(liabilities)	173,737	193,862	367,599
Creditors over 1 year	<u>(4,000)</u>	<u>-</u>	<u>(4,000)</u>
Total net assets	<u>169,737</u>	<u>193,862</u>	<u>363,599</u>

21 Analysis of net funds

	At 1 April 2021 £	Financing cash flows £	At 31 March 2022 £
Cash at bank and in hand	<u>323,909</u>	<u>190,173</u>	<u>514,082</u>
Net funds	<u>323,909</u>	<u>190,173</u>	<u>514,082</u>
	At 1 April 2020 £	Financing cash flows £	At 31 March 2021 £
Cash at bank and in hand	<u>136,054</u>	<u>187,855</u>	<u>323,909</u>
Net funds	<u>136,054</u>	<u>187,855</u>	<u>323,909</u>

22 Related party transactions

There were no related party transactions in the year.