

Company number: 1302947  
Charity number: 268468

# Islington Law Centre

Report and financial statements  
For the year ended 31 March 2016

**Islington Law Centre**  
**Contents**

**For the year ended 31 March 2016**

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Reference and administrative information

For the year ended 31 March 2016

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**Company number** 1302947

**Charity number** 268468

**Registered office  
and operational  
address** 38 Devonian Road  
London  
N1 8JH

**Members of the  
management  
committee** Members, who are also directors under company law, who served during the  
year and up to the date of this report were as follows:

Jemima Joll	Chair
Peter Mant	Vice Chair
Susan Lee	Vice Chair
Peter McCormack	Chair, Audit and Risk Sub-Committee
Onika Adams	
Paula Alessandro	(appointed 31 May 2016)
Amelia Sleat	

The following members served during the course of the year:

Trevor Mistlin	(died 18 October 2016)
Jamie Susskind	(appointed 15 September 2015, resigned 14 September 2016)
Angela Bennet	(resigned 22 February 2016)
Marina Sergides	(resigned 16 December 2015)

**Key management  
personnel** Ruth Hayes Centre Director

**Bankers** Lloyds Bank  
Highbury Corner  
31–33 Holloway Road  
London  
N7 8JU

**Solicitors** Russell–Cooke LLP  
2 Putney Hill  
London  
SW15 6AB

**Auditors**

Sayer Vincent LLP  
Chartered Accountants and Statutory Auditors  
Invicta House  
108-114 Golden Lane  
LONDON  
EC1Y 0TL

**Management committee's annual report**

**For the year ended 31 March 2016**

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The management committee presents their report and the audited financial statements for the year ended 31 March 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## **Objectives and activities**

### **Purposes and aims**

The Charity objectives include the relief of poverty in the area of benefit by the provision of legal advice, aid and assistance. The Law Centre has established a range of services in furtherance of these aims, which have been carried out during the year in question.

The management committee reviews the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The management committee reports the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the management committee ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The management committee has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the management committee considers how planned activities will contribute to the aims and objectives that have been set.

### **Achievements and performance**

The charity's main activities and who it tries to help are described below. All its charitable activities focus on people on low incomes and are undertaken to further Islington Law Centre's charitable purposes for the public benefit.

Primary activities include:–

- An open door reception and referral service to help people identify the key legal issues they are facing and to link them with appropriate support
- Specialist casework teams in consumer/debt, education, employment, housing, immigration/asylum, public law and welfare benefits.
- An outreach programme delivering 18 specialist legal advice sessions each week, based in front line services and community venues
- A pro bono programme which includes 3 evening advice sessions each week, providing assistance with the help of volunteer lawyers, as well as other pro bono activity linked to projects and teams

**Management committee's annual report**

**For the year ended 31 March 2016**

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- Specialist projects focussing on target client groups – Streetlegal (a youth homelessness project), the Migrants' Law Project and (MLP) the Migrant and Refugee Children's Legal Unit (MiCLU).

All areas of the charity's activities have been well used by clients and have made an impact during the year. The charity maintained a client caseload of around 1,400 substantive matters during the course of the year.

**Reception and Referral Service**

In the year 2015/16, the service dealt with 6,856 enquiries, of which 2,686 came from people contacting the Law Centre for the first time, 2,041 from existing clients, and 1,829 from people who had contacted the Law Centre before. 208 clients received ongoing support from the service. The balance of enquiries either were from third parties or were not categorised.

Areas of law attracting high volumes of enquiries included: welfare benefits (1,565); housing (1,986); immigration and asylum (977); debt (708) and employment (698).

1,517 clients were booked into ILC appointment services, 115 were signposted to private practice, and other statutory and community organisations, and the rest were dealt with by ILC staff team.

**Casework, advocacy and representation**

The Law Centre opened 1,031 new substantive matters in the year –

Welfare Benefits – 261

Pro bono evening clinics – 246

Debt – 204

Housing – 132

Immigration and asylum – 92

Employment – 55 Education – 11

Other – 5

There were significant casework successes in all areas of law, with a reduction in poverty as a result of increased household income, lower indebtedness, as well as improvements in clients' housing, employment and educational situations and resolution of immigration status.

For example, the welfare benefits team secured over £1,076,140 in backdated benefits and increased household income, and debt team reduced indebtedness by £445,643 via bankruptcy and Debt Relief Order applications, as well as generating £30,933 in Trust Fund applications and compensation.

**Management committee's annual report**

**For the year ended 31 March 2016**

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The Law Centre also undertook both legal education and social policy work – for example providing training to local community organisations, and providing evidence to the Select Committee on the work of the DWP.

**Outreach**

Specialist advisors delivered sessions at Islington Council's housing offices as well as the following community venues: Help on Your Doorstep, Islington Bangladesh Association, Community Language Support Services, Ambler Children's Centre, New River Green Children's Centre, Latin American Women's Rights Service, Shelter from the Storm, Hackney Migrant's Centre, and The Prince's Trust.

Over 2,000 appointments were delivered to clients via the outreach provision, enabling 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 solicitors and caseworkers' time by building strong partnerships with other agencies.

**Pro bono activity**

The Law Centre continued to run three evening advice sessions each week, with volunteer lawyers providing initial advice and assistance in drafting documents. The service involves teams of pro bono lawyers from seven City law firms and in-house teams and has assisted clients with issues such as reclaiming deposits from landlords and small claims proceedings. The Law Centre has also worked with law students and a law firm on a pro bono immigration pilot, which is now being expanded, and is partnering with LawWorks on a new pro bono project to provide representation for clients with ESA appeals. It is estimated that in excess of 1,500 pro bono hours are provided to the Law Centre's clients via these arrangements – the equivalent of more than one full time member of staff – which we otherwise would not be able to provide

**Specialist projects**

The Law Centre's specialist projects had a highly successful year with not only a range of casework successes but also wider impact on behalf of vulnerable groups.

MiCLU was heavily involved in the "Principles to Practice" project, with a report which was launched by Lady Hale at the House of Lords and which had significant impact on the sector.

The MLP worked closely with private practice and with Citizens UK to identify legal routes for young people in the "Jungle" in Calais who had relatives they could join and had considerable success in re-uniting families.

The lead solicitor on the MLP was Highly Commended in the Law Society's Excellence awards in the Human Rights category in October 2015, and the Law Centre was delighted to be a finalist in the prestigious Legal Aid Lawyer of the Year awards in 2016.

### **Changes in profile of work**

Demand for the Law Centre's services is very high, and during the course of the year, the highly successful "Advising Islington Together" project which was funded by the Big Lottery's Advice Services Transition Fund came to an end.

The project has led to new relationships with other local organisations and pro bono partners; better use of technology to capture and analyse the Law Centre's activities and client demographics as well as to collaborate; and increased public legal education and training. However, the current funding climate is not easy and it has not been possible to find follow on funding to maintain all of these activities.

The Law Centre has recently reached agreement with the local authority in relation to a new 3.5 year funding award, and is undergoing a restructure in order to invest in the management capacity to meet future demands on the organisation, as well as to reduce expenditure to reflect changes in grants and legal aid income.

The Law Centre holds the Law Society's Lexcel Quality Standard, and was re-awarded this following a full reassessment in April 2016.

### **Beneficiaries of our services**

The Law Centre works with low-income clients and as at 31 March 2016 had a live caseload of 1,417 cases. The majority of clients are women (around 60%) and two thirds are from black and minority ethnic communities.

The Law Centre is seeing an increasing number of clients who are without any income, and/or do not have a permanent address, and it has developed links with other local agencies such as the Food Bank, to help link up clients with suitable agencies to assist in mitigating the impact of their circumstances where there is not an immediate legal remedy.

Clients increasingly have legal issues that involve more than one matter, or one area of law, and there has been an increase in the percentage of welfare benefits clients who require assistance with an appeal.

For the Law Centre as a whole, around 36% of clients are recorded as having at least one disability. However, for outreach services, this rises to 70%, with a majority having more than one long-term illness and/or disability.

Beneficiaries can self-refer, or are referred or signposted from other agencies, and a number of referrals are received from mental health professionals, as well as community organisations, children's centres and the local authority.



## Management committee's annual report

For the year ended 31 March 2016

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Clients are asked about their experience of the service via a questionnaire, with over 93% of clients saying they are satisfied or very satisfied. Clients frequently comment on the impact that the service has had on them, not only in terms of their legal issues, but their wider health, wellbeing and quality of life. Examples include:-

"I felt the advice, help and support was outstanding"

"Very professional staff especially MB as she was there anytime we needed her"

"I am very thankful for this free service, without it I would have been very lost. Much appreciated all your help, and especially HM who was marvellous."

## Financial review

The Law Centre's income and expenditure were lower than in the previous year, reflecting the difficult financial climate. In the prior year, there had been some higher than usual costs income which was not recurring, and there were grants such as that from the Big Lottery Fund which came to an end during the course of the year, and so this was expected.

Some of the funds designated for the work of the Migrants Law Project were used during the year, resulting in a planned reduction in designated funds.

Action was taken to reduce costs and so the Law Centre group was able to increase the general funds brought forward from £129,560 to £150,589, despite the reduction in income. Total funds carried forward as at 31 March 2016 were £432,076 (£376,731 as at 31 March 2015).

As mentioned above, the Law Centre has been awarded a new grant by Islington Council which will run for 3.5 years to March 2020, but this is at a lower level than the previous grant, reflecting the pressures on local authority finances.

The Law Centre is also conscious of the need to improve infrastructure to enable it to respond to new and changing demands and so has undertaken a review and is in the process of restructuring.

Key objectives are to maintain high professional standards, to provide additional development support to staff and volunteers and to create capacity to increase unrestricted income.

GreenRoots (the wholly owned trading subsidiary) has also been reviewed and it has been decided to suspend activity temporarily to enable the organisation to focus on the restructure.

## Principal risks and uncertainties

This is a difficult time for specialist legal advice charities. Legal Aid has been cut dramatically, and it is not available for many of the Law Centre's clients. There is increasing competition for other funding streams, and many of these are targeted at discrete client groups and/or areas of work, rather than "open door" services.

**Management committee's annual report**

**For the year ended 31 March 2016**

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Far more people want to access ILC's services than capacity will allow for, and work is being undertaken to identify the best way to cope with this in a way which is fair and transparent. Services to the local community will need to be reduced as a result of a reduction in grant aid, but welfare reform, changes in legislation and the housing crisis are all likely to lead to even greater demand.

The restructuring process has placed significant demands on the Law Centre's infrastructure in 2016 but a range of steps are being taken to ensure that the Law Centre can enter 2017 with improved management capacity, a budget which will assist in building reserves and an ability to attract additional funds, whilst maintaining high quality legal casework for the community.

## **Reserves policy and going concern**

The management committee are committed to building reserves to provide three months' normal running costs, approximately £400,000. The reserves (unrestricted general funds) at the year end were £150,589. The management committee is conscious that the current level of reserves is lower than the reserves policy. They are committed to increasing this figure to three months of normal running costs in order to enable the organisation to meet operational cash flow needs, be flexible enough to manage changes in funding streams and to meet staff costs in the event of long term sickness, maternity leave and/or redundancy.

The charity has also designated £126,145 towards the migrants' law project.

The Law Centre has benefited from a programme as part of the "Future Advice Providers" group which has enabled it to establish a plan for increasing both restricted and unrestricted income in future, and the restructure will increase the amount of time available to secure additional income.

## **Plans for the future**

The Law Centre plans to continue to provide a range of high quality services for clients and to retain all its current areas of expertise. The new Council funded activity provides potential for increased collaborative work with other agencies, especially in relation to work with volunteers, and in the longer term there may be an opportunity to co-locate to reduce costs and create an advice hub.

Funding has been secured from the Legal Education Foundation and City Bridge Trust to participate in the Justice First Fellowship Programme, and a trainee solicitor will commence in January 2017, bringing an increase in capacity.

The Law Centre is one of two London partners in a project that Central England Law Centre is leading on to develop a UK service modelled on Kids in Need of Defence in the US – a pro bono programme working with young people whose immigration status is not settled.

**Management committee's annual report**

**For the year ended 31 March 2016**

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The "Three Advice Projects" has secured funding to continue local outreach, and the work done at Hackney Migrant Centre is being built on by the provision of a new outreach session at Haringey Migrants Support Centre.

Discussions are underway with a number of firms in relation to extended pro bono services and resources are being sought to meet the supervision and infrastructure costs.

The Law Centre is progressing work to update its governing documents and will be liaising with the Charity Commission in relation to proposed new wording.

## **Structure, governance and management**

The organisation is a charitable company limited by guarantee, incorporated on 16 March 1977 and registered as a charity on 23 November 1977.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

All members of the management committee give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 7 to the accounts.

The Law Centre was very sad that one of the members of the management committee died in October 2016, and would place on record thanks to Trevor Mistlin, who had made an enormous contribution in a number of ways to the Law Centre movement, and to the work of ILC.

## **Appointment of members of management committee**

The management committee has reviewed its membership and has taken steps to recruit new members with experience in charity accounts, employment law and voluntary sector management and development, as these were identified as areas that could be strengthened. This has included advertising for people with relevant experience/skills set.

All potential members of the management committee are requested to complete a membership form and to meet with the Centre Director before being invited to attend a meeting of the management committee as an observer prior to co-option or election.

Members of the management committee receive an induction pack (which includes, for example, our safeguarding and other similar policies) and are invited to attend various training courses.

## **Related parties and relationships with other organisations**

Islington Legal Community Interest Company, trading as GreenRoots, is a wholly owned subsidiary of Islington Law Centre. Two of the directors of GreenRoots are also members of the management committee of Islington Law Centre.

## Remuneration policy for key management personnel

The Law Centre has a pay framework which includes all staff including key management personnel. This is designed to provide a clear structure to promote recruitment and retention, and to ensure a level of transparency. The Law Centre is an accredited Living Wage employer.

## Statement of responsibilities of the members of the management committee

The members of the management committee (who are also directors of Islington Law Centre for the purposes of company law) are responsible for preparing management committee's 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 members of the management committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the members of the management committee are required to:

- Select suitable accounting policies and then 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 and statements of recommended practice 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 charity will continue in operation

The management committee responsible for keeping proper 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the management committee is aware:

- There is no relevant audit information of which the charitable company's auditors are unaware
- members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

## Management committee's annual report

For the year ended 31 March 2016

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The management committee is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2016 was nine (2015: 10). The members of the management committee are members of the charity but this entitles them only to voting rights. The members have no beneficial interest in the charity.

## Auditors

Sayer Vincent LLP were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

The management committee's annual report has been approved by the management committee on 15 December 2016 and signed on their behalf by

Jemima Joll  
Chair, Management Committee

## **Independent auditors' report**

### **To the members of**

#### **Islington Law Centre**

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We have audited the financial statements of Islington Law Centre for the year ended 31 March 2016 which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of management commit and auditors**

As explained more fully in the statement of management committee's responsibilities set out in the trustees' annual report, the members of the management committee (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the management committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the management committee's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- The parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us
- The parent charitable company financial statements are not in agreement with the accounting records and returns
- Certain disclosures of remuneration of the members of the management committee specified by law are not made
- We have not received all the information and explanations we require for our audit
- The management committee was not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the trustees' annual report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Noelia Serrano (Senior statutory auditor)

15 December 2016

for and on behalf of Sayer Vincent LLP, Statutory Auditors

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditors in terms of section 1212 of the Companies Act 2006

## Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2016

	Note	Unrestricted £	Restricted £	2016 Total £	Unrestricted £	Restricted £	2015 Total £
<b>Income from:</b>							
Donations and legacies	2	53,908	–	<b>53,908</b>	57,403	–	57,403
Charitable activities							
General social welfare and core services	3	433,737	891,460	<b>1,325,197</b>	550,663	1,112,258	1,662,921
Migrant and refugee children's project	3	–	148,561	<b>148,561</b>	–	107,387	107,387
Migrants' law project	3	–	121,538	<b>121,538</b>	–	89,393	89,393
Community buildings and resource centre	3	–	–	<b>–</b>	–	–	–
Investments		3,203	–	<b>3,203</b>	673	–	673
Other trading income		28,628	–	<b>28,628</b>	38,203	–	38,203
<b>Total income</b>		<b>519,476</b>	<b>1,161,559</b>	<b>1,681,035</b>	<b>646,942</b>	<b>1,309,038</b>	<b>1,955,980</b>
<b>Expenditure on:</b>							
Charitable activities							
General social welfare and core services	5	498,447	857,114	<b>1,355,561</b>	471,698	1,106,075	1,577,773
Migrant and refugee children's project	5	–	83,489	<b>83,489</b>	–	73,654	73,654
Migrants' law project	5	–	181,351	<b>181,351</b>	–	89,393	89,393
Community buildings and resource centres	5	–	5,288	<b>5,288</b>	–	5,288	5,288
<b>Total expenditure</b>		<b>498,447</b>	<b>1,127,243</b>	<b>1,625,690</b>	<b>471,698</b>	<b>1,274,410</b>	<b>1,746,108</b>
<b>Net income for the year</b>	6	<b>21,029</b>	<b>34,316</b>	<b>55,345</b>	<b>175,244</b>	<b>34,628</b>	<b>209,872</b>
Transfers between funds		(59,813)	59,813	<b>–</b>	–	–	–
<b>Net movement in funds</b>		<b>(38,784)</b>	<b>94,129</b>	<b>55,345</b>	<b>175,244</b>	<b>34,628</b>	<b>209,872</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		315,518	61,213	<b>376,731</b>	140,274	26,585	166,859
<b>Total funds carried forward</b>		<b>276,734</b>	<b>155,342</b>	<b>432,076</b>	<b>315,518</b>	<b>61,213</b>	<b>376,731</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 21 to the financial statements.



Balance sheets

Company no. 01302947

As at 31 March 2016

	Note	The group 2016 £	2015 £	The charity 2016 £	2015 £
<b>Fixed assets:</b>					
Tangible assets	11	53,429	77,878	53,429	77,878
Investments		–	–	1	1
		<u>53,429</u>	<u>77,878</u>	<u>53,430</u>	<u>77,879</u>
<b>Current assets:</b>					
Stock	14	236,634	112,034	236,634	112,034
Debtors	15	306,894	362,222	304,292	364,126
Cash at bank and in hand		141,674	202,412	138,149	192,675
		<u>685,201</u>	<u>676,668</u>	<u>679,074</u>	<u>668,835</u>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	16	(244,096)	(319,630)	(229,198)	(300,983)
		<u>441,105</u>	<u>357,038</u>	<u>449,876</u>	<u>367,852</u>
<b>Net current assets</b>					
		<u>441,105</u>	<u>357,038</u>	<u>449,876</u>	<u>367,852</u>
<b>Total assets less current liabilities</b>		<u>494,534</u>	<u>434,916</u>	<u>503,306</u>	<u>445,731</u>
Creditors: amounts falling due after one year	18	(62,458)	(58,185)	(62,458)	(58,185)
		<u>432,076</u>	<u>376,731</u>	<u>440,848</u>	<u>387,546</u>
<b>Total net assets</b>		<u>432,076</u>	<u>376,731</u>	<u>440,848</u>	<u>387,546</u>
<b>Funds:</b>	20				
Restricted income funds		155,342	61,213	155,342	61,213
Unrestricted income funds:					
Designated funds		126,145	185,958	126,145	185,958
General funds		150,589	129,560	159,361	140,375
		<u>276,734</u>	<u>315,518</u>	<u>285,506</u>	<u>326,333</u>
<b>Total unrestricted funds</b>		<u>276,734</u>	<u>315,518</u>	<u>285,506</u>	<u>326,333</u>
<b>Total funds</b>		<u>432,076</u>	<u>376,731</u>	<u>440,848</u>	<u>387,546</u>

Approved by the management committee on 15 December 2016 and signed on their behalf by

Jemima Joll  
Chair, Management Committee

Consolidated statement of cash flows

For the year ended 31 March 2016

	Note	2016 £	£	2015 £	£
Cash flows from operating activities	22				
Net cash (used in) / provided by operating activities		(54,780)		155,166	
Cash flows from investing activities:					
Dividends, interest and rents from investments		3,203		673	
Purchase of fixed assets		–		(52,854)	
Net cash provided by / (used in) investing activities		3,203		(52,181)	
Cash flows from financing activities:					
Repayments of borrowing		(9,162)		(11,238)	
Net cash provided by / (used in) financing activities		(9,162)		(11,238)	
Change in cash and cash equivalents in the year		(60,739)		91,747	
Cash and cash equivalents at the beginning of the year		202,412		110,665	
Cash and cash equivalents at the end of the year	23	141,673		202,412	

## 1 Accounting policies

### a) Basis of preparation

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 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (August 2014) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Islington Legal Community Interest Company on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

### b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the management committee has considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 April 2014. The management committee confirms that no restatement of comparative items was required.

### c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

### d) Going concern

The management committee considers that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include estimation of the value of work in progress.

The management committee does not consider that there are any 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 reporting period.

### e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income from legal contracts is recognised on the accruals basis. An asset is recognised for work done under legal contracts where the criteria of measurement, probability and entitlement are met.

**1 Accounting policies (continued)**

**h) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor or which has been raised by the charity for particular purposes. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the management committee for particular purposes.

**i) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**j) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the basis of staff time.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. Governance costs are allocated allocated to each activity based on staff time.

**k) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**l) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- |                                |                           |
|--------------------------------|---------------------------|
| ● Long-term leasehold property | 15 years straight-line    |
| ● Fixtures and fittings        | 25% reducing balance      |
| ● Office equipment             | 25% reducing balance      |
| ● Computer equipment           | 3 – 5 years straight-line |

**m) Investments in subsidiaries**

Investments in subsidiaries are at cost.

**n) Stocks**

Stocks are work in progress and are valued at the net realisable value. Provision is made where necessary for irrecoverable amount of work in progress.

**o) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1 Accounting policies (continued)

p) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

q) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Finance leases

Assets obtained under finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the charity. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of financial activities as they fall due.

s) Pensions

The charity operates a defined contribution pension scheme. Costs are allocated between restricted and unrestricted funds in accordance with the time spent on restricted and unrestricted work by staff members. There are no liabilities at year end.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2016 total Total £	2015 Total £
Donations	53,908	–	53,908	57,403
	53,908	–	53,908	57,403

**3 Income from charitable activities**

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
LB Islington	–	654,400	<b>654,400</b>	654,400
BBC Children in Need	–	31,818	<b>31,818</b>	31,818
Hackney Migrant Centre	–	20,000	<b>20,000</b>	20,000
The Big Lottery Fund	–	47,407	<b>47,407</b>	170,315
Cripplegate Foundation	–	108,750	<b>108,750</b>	114,000
Richard Cloudsley	–	20,012	<b>20,012</b>	40,855
Other grants	–	9,073	<b>9,073</b>	80,870
Fees and other income	433,737	–	<b>433,737</b>	585,939
	–	–	–	–
Sub-total for general social welfare and core services	433,737	891,460	<b>1,325,197</b>	1,698,197
Paul Hamlyn Foundaiton	–	35,000	<b>35,000</b>	60,000
Legal Education Foundation	–	40,700	<b>40,700</b>	–
Comic Relief	–	67,595	<b>67,595</b>	59,894
Other grants	–	5,266	<b>5,266</b>	(12,507)
Sub-total for Migrant and refugee children's project	–	148,561	<b>148,561</b>	107,387
The AB Charitable Trust	–	20,000	<b>20,000</b>	–
Esmée Fairbairn Foundation	–	23,833	<b>23,833</b>	26,000
Joseph Rowntree Charitable Trust	–	30,000	<b>30,000</b>	25,000
Trust for London	–	37,225	<b>37,225</b>	30,000
Other grants	–	10,480	<b>10,480</b>	8,393
Sub-total for Migrants' law project	–	121,538	<b>121,538</b>	89,393
Total income from charitable activities	433,737	1,161,559	<b>1,595,296</b>	1,894,977

**4) Local and Government and Housing Act 1989**

The company received financial assistance from the London Borough of Islington. As required by Section 37 of the Local Government and Housing Act 1989 the following information is given.

London Borough of Islington provided funding towards the Legal advice services in the following areas;

£500,000 was for the provision of free legal advice services to Islington residents in the areas of community care, debt, education, employment, housing, immigration and asylum and welfare benefits. The grant has been fully expended.

£154,400 was for the provision of independent advice for residents of London Borough of Islington housing in the areas of welfare benefits and housing law. The grant has been fully expended.

## 5 Analysis of expenditure

	Charitable activities							
	General social welfare and core services £	Migrant and refugee children's project £	Migrants' law project £	Community buildings and resource centre £	Governance costs £	Support costs £	2016 Total £	2015 Total £
Staff costs (Note 7)	953,840	52,285	111,932	–	–	–	1,118,056	1,180,794
Other staff costs	79,959	9,831	11,753	–	–	–	101,543	104,511
Premises costs	–	–	–	–	–	140,850	140,850	136,588
Professional overheads	29,489	1,500	3,050	–	–	–	34,039	31,969
General office costs	44,988	6,066	11,877	–	–	70,848	133,779	211,865
Expenses related to costs	13,868	1,000	2,000	–	–	–	16,868	1,100
Depreciation	–	–	–	5,288	–	18,545	23,833	23,645
Project costs	21,835	–	13,795	–	–	–	35,630	38,897
Audit and accountancy	–	–	–	–	21,092	–	21,092	16,739
	1,143,979	70,681	154,407	5,288	21,092	230,243	1,625,690	1,746,108
Support costs	194,721	11,578	23,944	–	–	(230,243)	–	–
Governance costs	16,862	1,230	3,000	–	(21,092)	–	–	–
<b>Total expenditure 2016</b>	<b>1,355,561</b>	<b>83,489</b>	<b>181,351</b>	<b>5,288</b>	<b>–</b>	<b>–</b>	<b>1,625,690</b>	<b>1,746,108</b>
<b>Total expenditure 2015</b>	<b>1,577,773</b>	<b>73,654</b>	<b>89,393</b>	<b>5,288</b>	<b>–</b>	<b>–</b>	<b>1,746,108</b>	

Of the total expenditure, £498,447 was unrestricted (2015: £471,698) and £1,127,243 was restricted (2015: £1,274,410).

**6 Net income for the year**

This is stated after charging / (crediting):

	2016 £	2015 £
Depreciation		
– owned by the charitable group	24,449	23,646
Interest payable	9,162	11,238
Operating lease rentals:		
Property	85,000	85,000
Auditors' remuneration (excluding VAT):		
Audit	9,000	8,250
Under provision for earlier years	7,392	–
Other services	4,700	11,125
	<u>24,449</u>	<u>111,059</u>

**7 Analysis of staff costs, management committee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	1,019,391	1,078,721
Social security costs	96,830	102,073
Employer's contribution to defined contribution pension schemes	1,836	–
	<u>1,118,056</u>	<u>1,180,794</u>

No employee earned more than £60,000 during the year (2015: nil).

The total employee benefits including pension contributions of the key management personnel were £50,155 (2015: £65,181).

The members of the management committee were not paid and received no other benefits from employment with the charity in the year (2015: £nil). No member received payment for professional or other services supplied to the charity (2015: £nil).

No management committee expenses were incurred in the year (2015: nil).

**8 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2016 No.	2015 No.
Average staff	38.0	39.0
	<u>38.0</u>	<u>39.0</u>

**9 Related party transactions**

One of Islington Legal Community Interest Company's Directors and Management Committee member of Islington Law Centre, Lindsay Edkins, is owed £1,500 by Islington Legal CIC (2015: £1,500).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.



**10 Taxation**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

**11 Tangible fixed assets****The group and the charity**

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
<b>Cost</b>					
At the start of the year	76,419	16,602	91,088	10,962	195,071
Additions in the year	–	–	–	–	–
At the end of the year	76,419	16,602	91,088	10,962	195,071
<b>Depreciation</b>					
At the start of the year	60,623	15,391	31,039	10,140	117,193
Charge for the year	5,287	303	18,037	822	24,449
At the end of the year	65,910	15,694	49,076	10,962	141,642
<b>Net book value</b>					
At the end of the year	10,509	908	42,012	–	53,429
At the start of the year	15,796	1,211	60,049	822	77,878

All of the above assets are used for charitable purposes.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Computer equipment	49,409	58,228

All of the above assets are used for charitable purposes.

**12 Subsidiary undertaking**

The charitable company owns the whole of the issued ordinary share capital of Islington Legal Community Interest Company, a company registered in England. All activities have been consolidated on a line by line basis in the statement of financial activities. A summary of the results of the subsidiary is shown below:

	2016 £	2015 £
Turnover	26,690	57,109
Expenditure	(24,648)	(64,721)
Profit / (loss) for the financial year	2,043	(7,612)
The aggregate of the assets, liabilities and funds was:		
Assets	6,453	13,127
Liabilities	(15,224)	(23,940)
Funds	(8,771)	(10,813)

Islington Legal Community Interest Company is exempt from audit by virtue of s479a of the Companies Act 2006.

**13 Parent charity**

The parent charity's gross income and the results for the year are disclosed as follows:

	2016 £	2015 £
Gross income	1,640,550	1,898,871
Result for the year	53,302	217,484

**14 Stock**

	The group		The charity	
	2016 £	2015 £	2016 £	2015 £
Work in progress	236,634	112,034	236,634	112,034
	236,634	112,034	236,634	112,034

**15 Debtors**

	The group		The charity	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	85,258	87,513	83,408	85,374
Amounts owed by group undertakings	–	–	–	5,294
Other debtors	74,479	58,419	74,479	57,168
Accrued income and prepayments	21,496	164,777	20,744	164,777
Grants receivable	125,660	51,513	125,660	51,513
	306,894	362,222	304,292	364,126

**16 Creditors: amounts falling due within one year**

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Amounts owed to group undertakings	–	–	326	–
Amounts due under finance leases	23,192	12,095	23,192	12,095
Trade creditors	9,329	147,899	9,329	146,989
Taxation and social security	–	45,508	–	45,508
Other creditors	78,192	51,631	75,692	39,789
Accruals	43,021	21,895	30,296	16,000
Deferred income	90,363	40,602	90,363	40,602
	<b>244,096</b>	<b>319,630</b>	<b>229,198</b>	<b>300,983</b>

**17 Deferred income**

Deferred income comprises the following grant income:

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Balance at the beginning of the year	40,602	–	40,602	–
Amount released to income in the year	(40,602)	–	(40,602)	–
Amount deferred in the year	90,363	40,602	90,363	40,602
Balance at the end of the year	<b>90,363</b>	<b>40,602</b>	<b>90,363</b>	<b>40,602</b>

**18 Creditors: amounts falling due after one year**

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Amounts due under finance leases with 1–5 years	62,458	58,185	62,458	58,185
	<b>62,458</b>	<b>58,185</b>	<b>62,458</b>	<b>58,185</b>

Finance leases are secured against the assets concerned.

**19 Analysis of group net assets between funds**

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	45,420	–	8,009	53,429
Net current assets	167,627	126,145	147,333	441,105
Long term liabilities	(62,458)	–	–	(62,458)
Net assets at the end of the year	<b>150,589</b>	<b>126,145</b>	<b>155,342</b>	<b>432,076</b>

## 20 Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
General social welfare and core services	14,182	891,460	(857,114)	–	<b>48,528</b>
Migrant and refugee children's legal unit	33,734	148,561	(83,489)	–	<b>98,805</b>
Migrant's law project	–	121,538	(181,351)	59,813	–
Community building and resource centre	13,297	–	(5,288)	–	<b>8,009</b>
<b>Total restricted funds</b>	<b>61,213</b>	<b>1,161,559</b>	<b>(1,127,243)</b>	<b>59,813</b>	<b>155,342</b>
<b>Unrestricted funds:</b>					
Designated funds:					
Migrants' law project	185,958	–	–	(59,813)	<b>126,145</b>
<b>Total designated funds</b>	<b>185,958</b>	<b>–</b>	<b>–</b>	<b>(59,813)</b>	<b>126,145</b>
<b>General funds</b>					
Of the charity	140,373	492,786	(473,799)	–	<b>159,360</b>
Of Islington Legal Community Interest Company	(10,813)	26,690	(24,648)	–	<b>(8,771)</b>
<b>Total general funds</b>	<b>129,560</b>	<b>519,476</b>	<b>(498,447)</b>	<b>–</b>	<b>150,589</b>
<b>Total unrestricted funds</b>	<b>315,518</b>	<b>519,476</b>	<b>(498,447)</b>	<b>(59,813)</b>	<b>276,734</b>
<b>Total funds</b>	<b>376,731</b>	<b>1,681,035</b>	<b>(1,625,690)</b>	<b>–</b>	<b>432,076</b>

**Purposes of restricted funds**

General social welfare and core services includes core funding for General Legal Advice Services, funding for the Advising Islington Together project and the Three Advice project.

General legal advice services includes funding to deliver a range of specialist advice, casework and representation provision, including discrimination law and refugee and migrant communities across various areas of social welfare law. In addition, it includes funds to provide access to tribunal appeals in both welfare, benefits and employment law. It also includes funds to provide access to tribunal appeals in both welfare, benefits and employment law. It also includes funds for those with special educational needs and also for young people who are vulnerable and homeless, or at risk of homelessness.

The advising Islington together grant is an Advice Services Transition Fund project which is to support innovation and sustainability of advice services.

The three advice projects is funded to provide assistance towards the costs of legal services in debt, housing and welfare benefits law via outreach in the Finsbury Par, Essex Road and South Islington.

The migrant and refugee children's legal unit was funded to work for social justice by changing policy and practice to ensure respect for the rights, and improve the lives, of migrant and refugee children in the UK through strategic casework, training, consultancy and policy work.

**20 Movements in funds (continued)****Purposes of restricted funds (continued)**

The migrant's law project is a legal and public legal education project, which aims to improve the rights of migrants, refugees and asylum seekers through the use of public law.

The community buildings and resource centre project was to renovate and convert our community building.

**Purposes of designated funds**

Migrant's law project

Funds have been set aside by the Management Committee for the work of the Migrants' Law Project at the Law Centre to further the project objectives.

**21 Reconciliation of net income to net cash flow from operating activities**

	2016 £	2015 £
<b>Net income for the reporting period (as per the statement of financial activities)</b>	<b>55,345</b>	<b>209,872</b>
Depreciation charges	24,449	23,646
Dividends, interest and rent from investments	(3,203)	(673)
Repayments of borrowing	9,162	11,238
(Increase)/decrease in stocks	(124,600)	26,108
Decrease / (increase) in debtors	55,328	(193,931)
(Decrease) / increase in creditors	(71,261)	78,906
<b>Net cash (used in) / provided by operating activities</b>	<b>(54,780)</b>	<b>155,166</b>

	At 1 April £	Cash flows £	Other changes £	At 31 March 2016 £
<b>22 Analysis of cash and cash equivalents</b>				
Cash at bank and in hand	202,412	(60,739)	–	<b>141,673</b>
<b>Total cash and cash equivalents</b>	<b>202,412</b>	<b>(60,739)</b>	<b>–</b>	<b>141,673</b>

**23 Operating lease commitments**

The group's and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property 2016 £	2015 £
Less than one year	52,500	52,500
One to five years	80,000	132,500
	<b>132,500</b>	<b>185,000</b>

**24 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.