

TOWER HAMLETS LAW CENTRE

(Company No.: 01720518)

(Charity No.: 287282)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

MYRUS SMITH

Chartered Accountants

Norman House,
8 Burnell Road,
Sutton, Surrey.
SM1 4BW

TOWER HAMLETS LAW CENTRE

(Company No.: 01720518)

(Charity No.: 287282)

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TOWER HAMLETS LAW CENTRE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Reference and Administrative Details

Trustees

Manuhar Ali, Chair
Mark Kalderon, Treasurer
Amy Ruth Williams, Secretary (to 24 May 2016)
Rosalind Shaw (Secretary from 12 July 2016)
Derek Maurice Cox
Abdus Salam
Catherine Tuitt
Ugo Hayter (to 24 September 2016)
James Blythe (from 17 January 2017)
Maria-Grazia Donvito (from 09 February 2017)
Imran Ahmad (from 09 February 2017)
Zeno Capucci (from 14 March 2017)
Yvonne Kramo (from 18 April 2017)
Shyamala Natarajan (from 16 May 2017)

Senior Managers

Martin South
Bolaji Bishi

Company Registered Number

1720518

Charity Registered Number

287282

Registered and Principal Office

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

Independent Examiner

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

Bankers

HSBC Plc
75 Whitechapel Road
London E1 1DU

TOWER HAMLETS LAW CENTRE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The Trustees, who are also the directors of the company for the purposes of the Companies Act, submit their annual report and the financial statements of Tower Hamlets Law Centre (the Law Centre) for the year ended 31 March 2017. The Trustees confirm that the annual report and financial statements of the Law Centre comply with the current statutory requirements, the requirements of the Law Centre's governing document and the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102.

Structure, Governance and Management

Governing document

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

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

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

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

Recruitment and appointment of Trustees

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

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

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

Trustee induction and training

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

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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

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

Risk management

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

Organisational structure and decision making

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

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

Related parties

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

Public benefit

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

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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Objectives and Activities

The Law Centre seeks to address its purposes by:

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

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

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

Achievements and Performance

Delivery of Specialist Legal Advice

We delivered specialist casework in Housing, Immigration and Welfare Benefits, and advice only in Employment throughout the year, principally from our office in St Anne Street, near Westferry DLR. Advice to individuals was provided at drop in, evening and outreach sessions or during individual casework appointments with specialist caseworkers and solicitors. During the year 2016/17 we worked on about 1,300 cases.

During 2016/17, we continued to seek alternatives to legal aid funding for our work, delivering services through pro bono partnerships with Freshfields Bruckhaus Deringer, Norton Rose Fulbright and Ashurst, and continuing to undertake small scale trading, using the income generated as core funding for free legal services.

Partnership Working

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

Provision of Second Tier Support and Community Education

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

Financial Review

The funding environment for advice services continues to be challenging, and the Trustees are conscious that the law centre's expenditure has exceeded its income for several consecutive years. In order to address this, the Trustees have agreed a Strategic Plan 2016-19, which is in the process of being implemented, and which sets out the approach the law centre is taking to developing new sources of income.

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

TOWER HAMLETS LAW CENTRE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017
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Reserves Policy

The Trustees have examined the charity's requirements for reserves in the light of the main risks to the organisation. It has established a policy whereby the unrestricted funds not committed in tangible fixed assets by the charity should be in the region of 3 months' expenditure.

Budgeted expenditure for 2017/18 is around £400,000. The target for reserves is therefore £100,000. The reserves are needed to meet the working capital requirements of the charity and the Trustees are confident that at this level they would be able to meet all outstanding financial obligations of the charity. Unrestricted reserves at 31 March 2017 amounted to £(997). The Trustees are conscious that the Law Centre's reserves currently fall well below the target level, and will seek to increase reserves incrementally over the coming years until they reach the target level.

Plans for the Future

The Trustees have agreed the Law Centre's Strategic Plan 2016-2019. The plan's objectives include:

- Ensuring that legal aid work remains viable for the law centre
- Developing a sustainable fee-paying service
- Sustaining and developing pro bono services
- Raising the law centre's public profile

Volunteers

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

Responsibilities of the Trustees

The trustees (who are also directors of Tower Hamlets Law Centre for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that 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.

TOWER HAMLETS LAW CENTRE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017
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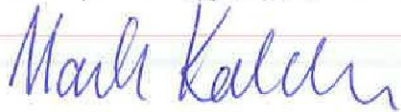
Independent Examiner

Stephen Jones of Myrus Smith, Chartered Accountants was appointed as our independent examiner in April 2016. He has expressed his willingness to continue and a resolution to reappoint him will be proposed at the forthcoming Annual General Meeting.

Small Company Exemptions

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

This report was approved by the Trustees on **17 October 2017** and signed on its behalf, by:



Mark Kalderon
Treasurer

Independent Examiner's Report to the Members of:

TOWER HAMLETS LAW CENTRE

I report on the accounts of the Tower Hamlets Law Centre for the year ended 31 March 2017, which are set out on pages 9 to 18.

Respective responsibilities of trustees and examiner

The trustees (who are also directors of Tower Hamlets Law Centre for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination being a member of ICAEW.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement


In connection with my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.


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

1 December 2017

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Income from:					
Donations	2	41,178	6,524	47,702	65,424
Charitable activities	3	329,485	36,750	366,235	356,061
Investments	4	14	-	14	14
Total		<u>370,677</u>	<u>43,274</u>	<u>413,951</u>	<u>421,499</u>
Expenditure on:					
Charitable activities	5	425,517	36,750	462,267	466,184
Total		<u>425,517</u>	<u>36,750</u>	<u>462,267</u>	<u>466,184</u>
Net Income/(expenditure)	9	(54,840)	6,524	(48,316)	(44,685)
Transfer between funds	15	-	-	-	-
Net movement in funds		<u>(54,840)</u>	<u>6,524</u>	<u>(48,316)</u>	<u>(44,685)</u>
Reconciliation of funds					
Total funds brought forward (restated)		53,843	-	53,843	98,528
Total funds carried forward		<u>£(997)</u>	<u>£6,524</u>	<u>£5,527</u>	<u>£53,843</u>

All income and expenditure derive from continuing activities.

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

The notes form part of the financial statements.

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	£	2017 £	Restated 2016 £	£
FIXED ASSETS					
Tangible fixed assets	11		-		-
CURRENT ASSETS					
Debtors	12	88,038		132,925	
Cash at bank and in hand		24,651		35,092	
			112,689		168,017
CREDITORS: Amounts falling due within one year	13	75,011		77,950	
NET CURRENT ASSETS			37,678		90,067
TOTAL ASSETS LESS CURRENT LIABILITIES			37,678		90,067
CREDITORS: Amounts falling due after more than one year	14		32,151		36,224
NET ASSETS	16		£5,527		£53,843
FUNDS					
Restricted	15		6,524		-
Unrestricted	15		(997)		53,843
			£5,527		£53,843

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2017. The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2017 in accordance with Section 467 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

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

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

The financial statements were approved by the Board of Trustees on **17 October** 2017 and signed on its behalf by:

Manuhar Ali
Trustee and Chair



The notes form part of the financial statements.

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

Basis of accounting

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

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

The financial statements for the year ended 31 March 2017 are the first to be prepared under FRS 102. It has not been considered necessary to process any transitions adjustments as a result of moving to the new accounting standard.

Income recognition

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

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

Expenditure recognition

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

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

Fund accounting

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

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

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

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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1. ACCOUNTING POLICIES (cont'd)

Tangible fixed assets and depreciation

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

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

Leases

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

Pensions

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

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

2. DONATIONS	Unrestricted funds	Restricted funds	Total 2017	Total 2016
Donations	<u>£41,178</u>	<u>£6,524</u>	<u>£47,702</u>	<u>£65,424</u>

All of the £65,424 received in 2016 was unrestricted.

3. INCOME FROM CHARITABLE ACTIVITIES	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Grants and contracts:				
Legal Aid Agency	111,012	-	111,012	54,532
London Borough of Tower Hamlets	144,592	-	144,592	133,419
Legal services – Bow County Court	14,760	-	14,760	13,176
Tudor Trust	-	-	-	29,000
Trust for London	-	36,750	36,750	37,000
Real DPO Limited	21,112	-	21,112	37,561
Big Lottery ASTF	-	-	-	12,467
London Legal Support Trust	-	-	-	5,000
Skills for Growth	-	-	-	1,500
Fees from private clients	36,449	-	36,449	32,406
Other	1,560	-	1,560	-
	<u>£329,485</u>	<u>£36,750</u>	<u>£366,235</u>	<u>£356,061</u>

Of the £356,061 received in 2016, £137,675 was unrestricted funds and £218,982 was restricted funds.

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017
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4. INVESTMENT INCOME	Unrestricted funds	Restricted funds	Total 2017	Total 2016
Bank interest	£14	£Nil	£14	£14

All of the £14 received in 2016 was unrestricted funds.

5. EXPENDITURE ON CHARITABLE ACTIVITIES	Direct costs £	Support costs £	Total 2017 £	Total 2016 £
Housing	81,245	48,495	129,740	101,118
Immigration	122,905	64,660	187,565	198,020
Welfare	79,741	64,661	144,402	164,044
Education	560	-	560	3,002
	<u>£284,451</u>	<u>£177,816</u>	<u>£462,267</u>	<u>£466,184</u>

Of the £466,184 expenditure in 2016, £246,833 was charged to unrestricted funds and £218,386 was charged to restricted funds.

6. ANALYSIS OF DIRECT COSTS	Total 2017 £	Total 2016 £
Staff costs	209,576	180,778
Other direct costs	74,875	65,515
	<u>£284,451</u>	<u>£246,293</u>

7. ANALYSIS OF SUPPORT COSTS	Total 2017 £	Total 2016 £
Staff and freelance costs	108,194	97,712
Office costs	33,031	49,053
Premises costs	32,391	25,726
Governance costs (see Note 8)	4,200	3,800
Pension deficit contributions	-	43,600
	<u>£177,816</u>	<u>£219,891</u>

TOWER HAMLETS LAW CENTRE
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

/contd...

8. GOVERNANCE COSTS	2017 £	2016 £
Independent examiner's fees	4,200	3,550
Donations	-	250
	<u>£4,200</u>	<u>£3,800</u>

9. NET EXPENDITURE FOR THE YEAR	2017	2016
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The net expenditure for the year is stated after charging:

Operating lease rentals	£21,808	£26,024
Depreciation of tangible fixed assets	£Nil	£1,061
Independent Examiner's fee	£4,200	£3,550
Pension contributions (defined contribution schemes)	£3,880	£46,535
	<u>£300,327</u>	<u>£271,475</u>

During the year Trustees received no remuneration (2016: £Nil) or reimbursed expenses (2016: £Nil).

10. STAFF COSTS AND NUMBERS	2017 £	2016 £
Staff costs were as follows:		
Wages and salaries	276,384	212,622
Social security costs	20,063	12,318
Pension costs	3,880	2,935
Pension deficit contributions	-	43,600
	<u>£300,327</u>	<u>£271,475</u>

The average number of employees during the year was 13.5 (2016: 11.0).

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

Total employee benefits received by key management amounted to £29,666 (2016: £34,250).

11. FIXED ASSETS	Computer Equipment £
Cost:	
Balance at 1 April 2016 and 31 March 2017	9,903
Depreciation:	
Balance at 1 April 2016 and 31 March 2017	9,903
Net book value:	
At 31 March 2017	<u>£Nil</u>

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017
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12. DEBTORS				2017 £	2016 £
Trade debtors				24,914	66,658
Other debtors				5,076	5,262
Prepayments and accrued income				58,048	61,005
				<u>£88,038</u>	<u>£132,925</u>
13. CREDITORS – Amounts falling due within one year				£	£
Trade creditors				43,056	46,714
Accruals and deferred income				14,398	14,832
Taxation and social security				17,557	16,404
				<u>£75,011</u>	<u>£77,950</u>
14. CREDITORS – Amounts falling due after more than one year					
Pension deficit (see Note 20)				<u>£32,151</u>	<u>£36,224</u>
15. MOVEMENT IN FUNDS	Restated Brought Forward £	Income £	Expenditure £	Transfers Between Funds £	Carried Forward £
Restricted funds					
IT infrastructure support	-	6,524	-	-	6,524
Immigration caseworker	-	36,750	36,750	-	-
Total restricted funds	-	43,274	36,750	-	6,524
Unrestricted funds					
General	53,843	370,677	425,517	-	(997)
TOTAL FUNDS	<u>£53,843</u>	<u>£413,951</u>	<u>£462,267</u>	<u>£Nil</u>	<u>£5,527</u>

TOWER HAMLETS LAW CENTRE
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

/contd...

15. MOVEMENT IN FUNDS/contd...

IT infrastructure support

Funding received towards the cost of upgrading the charity's IT systems. This has since been expended.

Immigration caseworker

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

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

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Current assets	31,154	6,524	37,678	90,067
Non-current liabilities	(32,151)	-	(32,151)	(36,224)
	<u>£(997)</u>	<u>£6,524</u>	<u>£5,527</u>	<u>£53,843</u>

17. COMPANY STATUS

Tower Hamlets Law Centre is a private company limited by guarantee registered in England and Wales. Each member is liable to contribute a sum not exceeding £1 in the event of the Company being wound up. The registered office of the company is given in the Reference and Administrative Details of the Trustees' Annual Report.

18. TAXATION

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

19. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
Due within one year	10,343	10,918
Due within two to five years	<u>2,007</u>	<u>5,350</u>
	<u>£12,350</u>	<u>£16,268</u>

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017
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20. CONTINGENT LIABILITIES

The Pension Trust – The Growth Plan

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

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2014. This actuarial valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

The charity's share of the recovery plan contributions amounts to £3,955 per annum, increasing by 3% each year until 31 March 2025. The total contributions due under the recovery plan amounting to £40,179 was recognised in the Statement of Financial Activities as an expense in the year ended 31 March 2016. The liability has not been discounted to net present value on the grounds of immateriality.

The estimated debt on withdrawal from the scheme is £100,800 (effective date 30 September 2016) and it is anticipated that this will reduce over time as a result of the recovery plan contributions and investment returns.

Dilapidations

A claim for dilapidations has been made by the charity's former landlord. The claim is being disputed by the trustees and it is not possible to make a reliable estimate of the amount, if any, that may be payable. Consequentially no liability has been recognised in the financial statements.

21. CONTINGENT ASSETS

The charity has been awarded several multi-year grants with performance and monitoring conditions, which preclude recognition of the full amount. The following contingent assets are therefore disclosed:

London Borough of Tower Hamlets	£204,839	(Specialist welfare advice partnership)
Trust for London	£27,000	(Immigration caseworker)

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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22. CLIENT MONIES

In addition to the assets and liabilities included in these financial statements the charity also holds client money amounting to £36,430 in separate client bank accounts.

23. PRIOR YEAR ADJUSTMENT

During the years ended 31 March 1998 and 31 March 1999 the law centre received grants and donations towards the costs of fitting out its new office premises. All of this restricted income was expended on capital items during those two years and the stated accounting policy was to depreciate the assets on a straight line basis over the 15 year lease term. The depreciation expense was charged to the restricted fund and the balance should have reduced to £nil by the end of the lease term. During the year ended 31 March 2014 the law centre vacated the office premises and the fully depreciated assets were disposed of.

It transpires that during the years ended 31 March 2009, 2010, 2011 and 2012, the depreciation expense was erroneously charged to general funds. As a result of this error, a balance of £37,188 remained in the restricted fund when the assets were disposed of. Accordingly a prior year adjustment has been made to reflect that fact that all of the restricted income was fully expended by 31 March 2014.

	Unrestricted Funds £	Restricted funds £	Total funds £
Reserves at 1 April 2015	60,375	38,153	98,528
Depreciation charges misallocated	37,188	(37,188)	-
Adjusted reserves 1 April 2015	<u>£97,563</u>	<u>£965</u>	<u>£98,528</u>
	Unrestricted Funds £	Restricted funds £	Total funds £
Reserves at 1 March 2016	16,655	37,188	53,843
Depreciation charges misallocated	37,188	(37,188)	-
Adjusted reserves 31 March 2016	<u>£53,843</u>	<u>£Nil</u>	<u>£53,843</u>

There has been no change to the net movement in funds previously reported for the year ended 31 March 2016 as a result of this adjustment.

