

**TOWER HAMLETS LAW CENTRE**

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

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

**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 2018**

**Reference and Administrative Details**

**Trustees**

Manuhar Ali, Chair  
Mark Kalderon, Treasurer  
Rosalind Shaw, Secretary  
Derek Maurice Cox  
Abdus Salam  
Catherine Tuitt  
James Blythe  
Maria-Grazia Donvito  
Imran Ahmad  
Zeno Capucci  
Yvonne Kramo (from 18 April 2017)  
Shyamala Natarajan (from 16 May 2017)  
Dyna Zekaoui (from 28 November 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  
% 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 2018**

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 2018. 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 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**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 as amended on 23 December 2016. 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.

**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 2018**

/contd...

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 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 2018**  
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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 2017/18 we worked on about 1,400 cases.

During 2017/18, 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, Ashurst and Ince & Co., 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 exceeded its income in each of the five years before 2017/18. Implementation of the Strategic Plan 2016-19 has achieved a modest surplus in 2017/18, and the Trustees are refining and developing their plans to build upon this.

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 2018**  
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Reserves Policy

The Trustees has 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.

The Trustees are in the process of developing the Law Centre's Strategic Plan 2019-2022.

Budgeted expenditure for 2018/19 is around £460,000. The target for reserves is therefore £115,000. 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. The Trustees are conscious that the Law Centre's reserves of £12,635 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

The Trustees are in the process of developing the Law Centre's Strategic Plan 2019-2022.

**Volunteers**

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

**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 3 December 2018 and signed on its behalf, by:



Mark Kalderon  
Treasurer

**Independent Examiner's Report to the Trustees of:**

**TOWER HAMLETS LAW CENTRE**

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 March 2018 which are set out on pages 8 to 17.

**Responsibilities and basis of report**

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

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


**Independent examiner's statement**

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

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

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

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

3 December 2018



**TOWER HAMLETS LAW CENTRE**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account)

FOR THE YEAR ENDED 31 MARCH 2018

|                                    | Notes | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2018<br>£ | Total<br>2017<br>£ |
|------------------------------------|-------|----------------------------|--------------------------|--------------------|--------------------|
| <b>Income from:</b>                |       |                            |                          |                    |                    |
| Donations                          | 2     | 72,239                     | 45,000                   | 117,239            | 47,702             |
| Charitable activities              | 3     | 153,647                    | 171,592                  | 325,239            | 366,235            |
| Investments                        | 4     | 18                         | -                        | 18                 | 14                 |
| <b>Total</b>                       |       | <u>225,904</u>             | <u>216,592</u>           | <u>442,496</u>     | <u>413,951</u>     |
| <b>Expenditure on:</b>             |       |                            |                          |                    |                    |
| Charitable activities              | 5     | <u>212,272</u>             | <u>223,116</u>           | <u>435,388</u>     | <u>462,267</u>     |
| <b>Total</b>                       |       | <u>212,272</u>             | <u>223,116</u>           | <u>435,388</u>     | <u>462,267</u>     |
| <b>Net income/(expenditure)</b>    | 9     | 13,632                     | (6,524)                  | 7,108              | (48,316)           |
| Transfer between funds             | 15    | -                          | -                        | -                  | -                  |
| <b>Net movement in funds</b>       |       | 13,632                     | (6,524)                  | 7,108              | (48,316)           |
| <b>Reconciliation of funds</b>     |       |                            |                          |                    |                    |
| Total funds brought forward        |       | (997)                      | 6,524                    | 5,527              | 53,843             |
| <b>Total funds carried forward</b> |       | <u>£12,635</u>             | <u>£Nil</u>              | <u>£12,635</u>     | <u>£5,527</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 2018

|  | Notes | £      | 2018    | £       | £       | 2017 | £      |
|--|-------|--------|---------|---------|---------|------|--------|
| <b>FIXED ASSETS</b>  |       |        |         |         |         |      |        |
| Tangible fixed assets  | 11    |        |         | 4,629   |         |      | -      |
| <b>CURRENT ASSETS</b>  |       |        |         |         |         |      |        |
| Debtors  | 12    | 59,526 |         |         | 88,038  |      |        |
| Cash at bank and in hand                                       |       | 41,590 |         |         | 24,651  |      |        |
|  |       |        | 101,116 |         | 112,689 |      |        |
| <b>CREDITORS: Amounts falling due within one year</b>          | 13    | 64,547 |         |         | 75,011  |      |        |
| <b>NET CURRENT ASSETS</b>                                      |       |        |         | 36,569  |         |      | 37,678 |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       |        |         | 41,198  |         |      | 37,678 |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 14    |        |         | 28,563  |         |      | 32,151 |
| <b>NET ASSETS</b>  | 16    |        |         | £12,635 |         |      | £5,527 |
| <b>FUNDS</b>   |       |        |         |         |         |      |        |
| Restricted   | 15    |        |         | -       |         |      | 6,524  |
| Unrestricted   | 15    |        |         | 12,635  |         |      | (997)  |
|  |       |        |         | £12,635 |         |      | £5,527 |

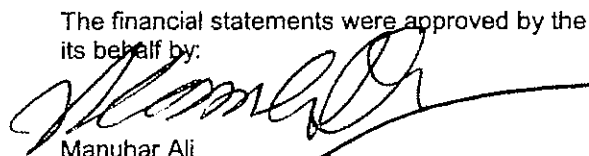
The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2018. The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2018 in accordance with Section 467 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 3 December 2018 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 2018

**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 Accounting Practice.

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

**Income recognition**

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

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

**Expenditure recognition**

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

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

**Fund accounting**

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

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

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

**Tangible fixed assets and depreciation**

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

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

**TOWER HAMLETS LAW CENTRE**  
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018  
/contd...

**1. ACCOUNTING POLICIES (cont'd)**

**Leases**

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

**Pensions**

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

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

**Financial instruments**

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

| <b>2. DONATIONS</b> | Unrestricted<br>funds | Restricted<br>funds | Total<br>2018   | Total<br>2017  |
|---------------------|-----------------------|---------------------|-----------------|----------------|
| Donations           | <u>£72,239</u>        | <u>£45,000</u>      | <u>£117,239</u> | <u>£47,702</u> |

Of the £47,702 recognised in 2017, £41,178 was unrestricted and £6,524 was restricted.

| <b>3. INCOME FROM CHARITABLE ACTIVITIES</b> | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2018<br>£ | Total<br>2017<br>£ |
|---|----------------------------|--------------------------|--------------------|--------------------|
| Grants and contracts:                       |                            |                          |                    |                    |
| Legal Aid Agency                            | 51,302                     | -                        | 51,302             | 111,012            |
| London Borough of Tower Hamlets             | -                          | 144,592                  | 144,592            | 144,592            |
| Legal services – Bow County Court           | 17,280                     | -                        | 17,280             | 14,760             |
| Trust for London                            | -                          | 27,000                   | 27,000             | 36,750             |
| Real DPO Limited                            | 58,139                     | -                        | 58,139             | 21,112             |
| Fees from private clients                   | 26,422                     | -                        | 26,422             | 36,449             |
| Other                                       | 504                        | -                        | 504                | 1,560              |
|   | <u>£153,647</u>            | <u>£171,592</u>          | <u>£325,239</u>    | <u>£366,235</u>    |

Of the £366,235 recognised in 2017, £184,893 was unrestricted funds and £181,342 was restricted funds.

See Note 15 for further details of the restatement for certain figures in 2017.

**TOWER HAMLETS LAW CENTRE**  
**(A company limited by guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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| <b>4. INVESTMENT INCOME</b>                               | Unrestricted funds | Restricted funds   | Total 2018      | Total 2017      |
|---|--------------------|--------------------|-----------------|-----------------|
| Bank interest   | £18                | £Nil               | £18             | £14             |
|   | <u>£18</u>         | <u>£Nil</u>        | <u>£18</u>      | <u>£14</u>      |
| All of the £14 recognised in 2017 was unrestricted funds. |                    |                    |                 |                 |
| <b>5. EXPENDITURE ON CHARITABLE ACTIVITIES</b>            | Direct costs<br>£  | Support costs<br>£ | Total 2018<br>£ | Total 2017<br>£ |
| Housing   | 100,682            | 52,334             | 153,016         | 129,740         |
| Immigration   | 88,516             | 51,973             | 140,489         | 187,565         |
| Welfare   | 91,877             | 50,006             | 141,883         | 144,402         |
| Education   | -                  | -                  | -               | 560             |
|   | <u>£281,075</u>    | <u>£154,313</u>    | <u>£435,388</u> | <u>£462,267</u> |

Of the £462,267 expenditure recognised in 2017, £280,925 was charged to unrestricted funds and £181,342 was charged to restricted funds.

See Note 15 for further details of the restatement for certain figures in 2017.

| <b>6. ANALYSIS OF DIRECT COSTS</b> | Total 2018<br>£ | Total 2017<br>£ |
|------------------------------------|-----------------|-----------------|
| Staff costs                        | 220,599         | 209,576         |
| Other direct costs                 | 60,476          | 74,875          |
|                                    | <u>£281,075</u> | <u>£284,451</u> |

| <b>7. ANALYSIS OF SUPPORT COSTS</b> | Total 2018<br>£ | Total 2017<br>£ |
|-------------------------------------|-----------------|-----------------|
| Staff and freelance costs           | 99,609          | 108,194         |
| Office costs                        | 31,626          | 33,031          |
| Premises costs                      | 19,023          | 32,391          |
| Governance costs (see Note 8)       | 4,055           | 4,200           |
|                                     | <u>£154,313</u> | <u>£177,816</u> |

**TOWER HAMLETS LAW CENTRE**  
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018  
/contd...

| 8. GOVERNANCE COSTS         | 2018<br>£     | 2017<br>£     |
|-----------------------------|---------------|---------------|
| Legal fee                   | £200          | £Nil          |
| Independent examiner's fees | £3,855        | £4,200        |
|                             | <u>£3,855</u> | <u>£4,200</u> |

| 9. NET EXPENDITURE FOR THE YEAR                            | 2018           | 2017           |
|--|----------------|----------------|
| The net expenditure for the year is stated after charging: |                |                |
| Operating lease rentals                                    | £15,886        | £21,808        |
| Depreciation of tangible fixed assets                      | £1,442         | £Nil           |
| Independent Examiner's fee                                 | £3,855         | £4,200         |
| Pension contributions (defined contribution schemes)       | £3,999         | £3,880         |
|  | <u>£25,182</u> | <u>£30,888</u> |

During the year Trustees received no remuneration (2017: £Nil) or reimbursed expenses (2017: £Nil).

| 10. STAFF COSTS AND NUMBERS  | 2018<br>£       | 2017<br>£       |
|------------------------------|-----------------|-----------------|
| Staff costs were as follows: |                 |                 |
| Wages and salaries           | 285,565         | 276,384         |
| Social security costs        | 21,220          | 20,063          |
| Pension costs                | 3,999           | 3,880           |
|                              | <u>£310,784</u> | <u>£300,327</u> |

The average number of employees during the year was 13.9 (2017: 13.5).

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 £25,451 (2017: £29,666).

| 11. FIXED ASSETS      | Computer<br>Equipment<br>£ | Fixtures &<br>Fittings<br>£ | Total<br>£    |
|-----------------------|----------------------------|-----------------------------|---------------|
| <b>Cost</b>           |                            |                             |               |
| Cost at 1 April 2017  | 9,903                      | -                           | 9,903         |
| Additions             | 4,561                      | 1,510                       | 6,071         |
|                       | <u>14,464</u>              | <u>1,510</u>                | <u>15,974</u> |
| At 31 March 2018      | 14,464                     | 1,510                       | 15,974        |
| <b>Depreciation</b>   |                            |                             |               |
| At 1 April 2017       | 9,903                      | -                           | 9,903         |
| Charge for the year   | 1,140                      | 302                         | 1,442         |
|                       | <u>11,043</u>              | <u>302</u>                  | <u>11,345</u> |
| At 31 March 2018      | 11,043                     | 302                         | 11,345        |
| <b>Net Book Value</b> |                            |                             |               |
| At 31 March 2018      | <u>£3,421</u>              | <u>£1,208</u>               | <u>£4,629</u> |
| At 31 March 2017      | <u>£Nil</u>                | <u>£Nil</u>                 | <u>£Nil</u>   |

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|   |                      |                 |                  |                              |                      |
|---|----------------------|-----------------|------------------|------------------------------|----------------------|
| <b>12. DEBTORS</b>  |                      |                 |                  | 2018<br>£                    | 2017<br>£            |
| Trade debtors   |                      |                 |                  | 47,973                       | 24,914               |
| Other debtors   |                      |                 |                  | 5,250                        | 5,076                |
| Prepayments and accrued income                                      |                      |                 |                  | 6,303                        | 58,048               |
|   |                      |                 |                  | <u>£59,526</u>               | <u>£88,038</u>       |
| <b>13. CREDITORS – Amounts falling due within one year</b>          |                      |                 |                  | £                            | £                    |
| Trade creditors   |                      |                 |                  | 38,947                       | 43,056               |
| Accruals and deferred income  |                      |                 |                  | 9,710                        | 14,398               |
| Taxation and social security  |                      |                 |                  | 15,890                       | 17,557               |
|   |                      |                 |                  | <u>£64,547</u>               | <u>£75,011</u>       |
| <b>14. CREDITORS – Amounts falling due after more than one year</b> |                      |                 |                  |                              |                      |
| Pension deficit (see Note 20)                                       |                      |                 |                  | <u>£28,563</u>               | <u>£32,151</u>       |
| <b>15. MOVEMENT IN FUNDS</b>  |                      |                 |                  |                              |                      |
|   | Brought Forward<br>£ | Income<br>£     | Expenditure<br>£ | Transfers Between Funds<br>£ | Carried Forward<br>£ |
| <b>2018</b>   |                      |                 |                  |                              |                      |
| <b>Restricted funds</b>   |                      |                 |                  |                              |                      |
| Specialist Welfare Advice Partnership                               | -                    | 144,592         | (144,592)        | -                            | -                    |
| IT infrastructure support (Big Lottery)                             | 6,524                | -               | (6,524)          | -                            | -                    |
| Immigration caseworker (Trust for London)                           | -                    | 27,000          | (27,000)         | -                            | -                    |
| AB Charitable Trust   | -                    | 20,000          | (20,000)         | -                            | -                    |
| Access to Justice   | -                    | 15,000          | (15,000)         | -                            | -                    |
| Wakefield & Tetley Trust  | -                    | 10,000          | (10,000)         | -                            | -                    |
| <b>Total restricted funds</b>                                       | <u>6,524</u>         | <u>216,592</u>  | <u>223,116</u>   | <u>-</u>                     | <u>-</u>             |
| <b>Unrestricted funds</b>   |                      |                 |                  |                              |                      |
| General   | <u>(997)</u>         | <u>225,904</u>  | <u>212,272</u>   | <u>-</u>                     | <u>12,635</u>        |
| <b>TOTAL FUNDS</b>  | <u>£5,527</u>        | <u>£442,496</u> | <u>£435,388</u>  | <u>£Nil</u>                  | <u>£12,635</u>       |

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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**15. MOVEMENT IN FUNDS /contd...**

**Specialist Welfare Advice Partnership**

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

**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.

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

|                                       | Brought<br>Forward<br>£ | Restated<br>Income<br>£ | Restated<br>Expenditure<br>£ | Transfers<br>Between<br>Funds<br>£ | Carried<br>Forward<br>£ |
|---------------------------------------|-------------------------|-------------------------|------------------------------|------------------------------------|-------------------------|
| <b>2017</b>                           |                         |                         |                              |                                    |                         |
| <b>Restricted funds</b>               |                         |                         |                              |                                    |                         |
| Specialist Welfare Advice Partnership | -                       | 144,592                 | 144,592                      | -                                  | -                       |
| IT infrastructure support             | -                       | 6,524                   | -                            | -                                  | 6,524                   |
| Immigration caseworker                | -                       | 36,750                  | 36,750                       | -                                  | -                       |
|                                       | <hr/>                   | <hr/>                   | <hr/>                        | <hr/>                              | <hr/>                   |
| <b>Total restricted funds</b>         | -                       | 187,866                 | 181,342                      | -                                  | 6,524                   |
|                                       | <hr/>                   | <hr/>                   | <hr/>                        | <hr/>                              | <hr/>                   |
| <b>Unrestricted funds</b>             |                         |                         |                              |                                    |                         |
| General                               | 53,843                  | 226,085                 | 280,925                      | -                                  | (997)                   |
|                                       | <hr/>                   | <hr/>                   | <hr/>                        | <hr/>                              | <hr/>                   |
| <b>TOTAL FUNDS</b>                    | <u>£53,843</u>          | <u>£413,951</u>         | <u>£462,267</u>              | <u>£Nil</u>                        | <u>£5,527</u>           |

**Restatement of funds**

In the 2017 accounts, the restricted welfare advice income and expenditure was incorrectly displayed within unrestricted funds. The comparative net movement in funds has therefore been restated. There is no impact on the funds carried forward at 31 March 2017 as a result of the restatement.

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

|                         | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>Funds<br>£ |
|-------------------------|----------------------------|--------------------------|---------------------|
| <b>2018</b>             |                            |                          |                     |
| Fixed Assets            | 4,629                      | -                        | 4,629               |
| Current assets          | 101,116                    | -                        | 101,116             |
| Current liabilities     | (64,547)                   | -                        | (64,547)            |
| Non-current liabilities | (28,563)                   | -                        | (28,563)            |
|                         | <hr/>                      | <hr/>                    | <hr/>               |
| As at 31 March 2018     | <u>£12,635</u>             | <u>£Nil</u>              | <u>£12,635</u>      |



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

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

|                         | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>Funds<br>£ |
|-------------------------|----------------------------|--------------------------|---------------------|
| <b>2017</b>             |                            |                          |                     |
| Current assets          | 106,165                    | 6,524                    | 112,689             |
| Current liabilities     | (75,011)                   | -                        | (75,011)            |
| Non-current liabilities | (32,151)                   | -                        | (32,151)            |
| As at 31 March 2017     | <u>£(997)</u>              | <u>£6,524</u>            | <u>£5,527</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:

|                              | 2018<br>£      | 2017<br>£      |
|------------------------------|----------------|----------------|
| Due within one year          | 15,073         | 10,343         |
| Due within two to five years | -              | 2,007          |
|                              | <u>£15,073</u> | <u>£12,350</u> |

**20. CONTINGENT LIABILITIES**

**The Pension Trust – The Growth Plan**

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

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