

**TOWER HAMLETS LAW CENTRE**

(Company No.: 01720518)

(Charity No.: 287282)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

**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 2019**

**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 (to 03 December 2018)  
Zeno Capucci  
Yvonne Kramo  
Shyamala Natarajan  
Dyna Zekaoui  
Kathleen Kurilecz (from 11 September 2018)

**Senior Managers**

Martin South  
Bolaji Bishi

**Company Registered Number**

1720518

**Charity Registered Number**

287282

**Registered and Principal Office**

Unit 1, St Anne's Street  
Off 789-791 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 2019**

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 2019. 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).

### **Objectives and Activities**

The Law Centre's main purposes are to relieve poverty and advance education by:

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

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

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

The law centre's work has a positive and long lasting impact on our clients' wellbeing, dignity and human rights. For example:

- We help people fleeing persecution overseas to be granted asylum in this country, including an increasing number of unaccompanied minor asylum seekers; help to reunite families separated by international borders; and help women to escape from violence at home.
- We fight to prevent people from being evicted and becoming homeless; help those already homeless to secure accommodation when it has been denied to them; and help people living in unsafe and unhealthy homes to make their landlords repair them.
- We help make sure that people get the welfare benefits they are entitled to, including some of the most vulnerable members of society who are fearful and desperate in the face of decisions to withdraw Personal Independence Payments and Education and Support Allowance.

For the year ended 31 March 2019, the trustees continued to implement the strategies for achieving their objectives set out in their Strategic Plan 2016-2019, which also contains the criteria for assessing their success. Progress against the Strategic Plan is reviewed regularly by the trustees.

### **Achievements and performance**

The main objectives set by the trustees related to maintaining the charity's activities, and these were successfully met. In particular:

#### Delivery of Specialist Legal Advice

We delivered specialist casework in Housing, Immigration 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 2018/19 we worked on 1,674 cases.



## **TOWER HAMLETS LAW CENTRE**

### **TRUSTEES' ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2019**

/contd...

#### **Achievements and performance /contd...**

##### 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).

##### Funding

During 2018/19, we continued to seek alternatives to legal aid funding for our work, delivering services through pro bono partnerships with major law firms, including 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. We succeeded in meeting our fundraising objectives from these sources, although we continue to seek further sources of corporate giving. Fundraising from trusts and foundations was very successful and exceeded the objectives set by the trustees. Significant grant funding in support of our substantive work and future sustainability was secured from the City Bridge Trust and the Trust for London, in line with the trustees' plans. Further grants in support of our development were received from the AB Charitable Trust and the Wakefield and Tetley Trust in response to applications that had not been planned at the outset of the year.

#### **Financial Review**

The funding environment for advice services continues to be challenging, and the Trustees are conscious that, despite achieving a modest surplus in 2017/18 and a larger one in 2018/19, future sustainability remains uncertain. The Trustees have agreed their Strategic Plan 2019-2022, which builds on the success of its predecessor in restoring the law centre's financial stability and enabling it to begin developing its services.

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

There were no significant events having a financial effect in the year ended 31 March 2019.

##### 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.



## **TOWER HAMLETS LAW CENTRE**

### **TRUSTEES' ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2019**

/contd...

#### **Financial Review /contd...**

##### Designated Funds

The Trustees anticipate that, in order to expand the law centre's services and continue its financial recovery, it will be necessary to move to new, larger premises within about three years. The trustees have designated a fund of £50,000 to deal with the potential costs of moving premises, including the payment of a lease premium, fit-out costs, removal costs (including specialist IT costs) and increased rental costs.

##### Reserves Policy

The Trustees have examined the charity's requirements for reserves in the light of the main risks to the organisation. They have revised their target for reserves (the unrestricted funds not committed in tangible fixed assets by the charity) from a sum equivalent to about three months' expenditure to a sum equivalent to about four months' expenditure. They have done so in the light of the charity's potential liabilities; the inherent risks associated with growth; and the uncertainty of the economic, social and political context within which the law centre operates, including Brexit.

Budgeted expenditure for 2019/20 is around £480,000. The target for reserves is therefore £160,000. The Trustees will seek to increase reserves incrementally over the coming years until they reach the target level.

The amount of unrestricted reserves held by the charity at 31 March 2019 was £138,679.

#### **Plans for the Future**

The Trustees have agreed the Law Centre's Strategic Plan 2019-2022. The plan's objectives include:

- Diversifying our income to mitigate risks and improve our sustainability
- Upgrading our IT systems and introducing paperless working
- Expanding our services, including pro bono services
- Raising the law centre's public profile
- Moving to new premises if necessary

#### **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.



## **TOWER HAMLETS LAW CENTRE**

### **TRUSTEES' ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2019**

/contd...

#### **Structure, Governance and Management /contd...**

##### Recruitment and Appointment of Trustees

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

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

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

##### Trustee Induction and Training

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

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

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

##### 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 2019

/contd...

#### **Structure, Governance and Management /contd...**

##### Organisational Structure and Decision Making

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

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

##### Remuneration of Key Management Personnel

The remuneration of the charity's key management personnel, the Chief Executive and the Senior Solicitor, is set by the Board of Trustees, taking into account the charity's financial position and the amount paid for comparable roles in comparable organisations.

#### **Volunteers**

The Law Centre is grateful for support of its volunteers. In particular, we are indebted to the trainee solicitors from Freshfields Bruckhaus Deringer, Norton Rose Fulbright, Ashurst, and Ince & 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 **26 November** 2019 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 2019 which are set out on pages 9 to 20.

#### **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

*21 November* 2019



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

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

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
<b>Income from:</b>					
Donations	2	98,787	95,000	193,787	117,239
Charitable activities	3	216,390	188,592	404,982	325,239
Investments	4	124	-	124	18
<b>Total</b>		<b>315,301</b>	<b>283,592</b>	<b>598,893</b>	<b>442,496</b>
<b>Expenditure on:</b>					
Charitable activities	5	189,257	263,592	452,849	435,388
<b>Total</b>		<b>189,257</b>	<b>263,592</b>	<b>452,849</b>	<b>435,388</b>
<b>Net income</b>	9	126,044	20,000	146,044	7,108
Transfer between funds	15	-	-	-	-
<b>Net movement in funds</b>		<b>126,044</b>	<b>20,000</b>	<b>146,044</b>	<b>7,108</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		12,635	-	12,635	5,527
<b>Total funds carried forward</b>		<b>£138,679</b>	<b>£20,000</b>	<b>£158,679</b>	<b>£12,635</b>

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 2019

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	3,764	4,629
<b>CURRENT ASSETS</b>			
Debtors	12	76,829	59,526
Cash at bank and in hand		169,167	41,590
		<u>245,996</u>	<u>101,116</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>62,130</u>	<u>64,547</u>
<b>NET CURRENT ASSETS</b>		<u>183,866</u>	<u>36,569</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>187,630</u>	<u>41,198</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>28,951</u>	<u>28,563</u>
<b>NET ASSETS</b>	16	<u>£158,679</u>	<u>£12,635</u>
<b>FUNDS</b>			
Restricted	15	20,000	-
Unrestricted - Designated	15	50,000	-
Unrestricted - General	15	88,679	12,635
		<u>£158,679</u>	<u>£12,635</u>

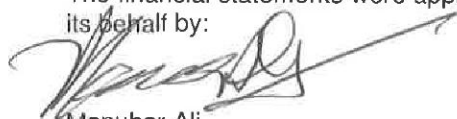
The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2019. The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2019 in accordance with Section 467 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 26 Nov 2019 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)**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
Net movement in funds	146,044	7,108
Adjustments for:		
Interest receivable	(124)	(18)
Depreciation charges	1,635	1,442
(Increase)/decrease in debtors	(17,303)	28,512
(Decrease) in creditors	(2,029)	(14,052)
<b>Net cash provided by operating activities</b>	<u>128,223</u>	<u>22,992</u>
<b>Cash flows from investing activities:</b>		
Interest received	124	18
Purchase of tangible fixed assets	(770)	(6,071)
<b>Net cash used in investing activities</b>	<u>(646)</u>	<u>(6,053)</u>
<b>Change in cash and cash equivalents in the year</b>	127,577	16,939
Cash and cash equivalents brought forward	<u>41,590</u>	<u>24,651</u>
<b>Cash and cash equivalents carried forward</b>	<u>£169,167</u>	<u>£41,590</u>
<b>Analysis of cash and cash equivalents</b>	<b>2019</b>	<b>2018</b>
Cash at bank and in hand	<u>£169,167</u>	<u>£41,590</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**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 2019

/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 funds	Restricted funds	Total 2019	Total 2018
Grants	20,000	95,000	115,000	45,000
Donations	78,787	-	78,787	72,239
	<u>£98,787</u>	<u>£95,000</u>	<u>£193,787</u>	<u>£117,239</u>

Of the £117,239 recognised in 2018, £72,239 was unrestricted and £45,000 was restricted.

<b>3. INCOME FROM CHARITABLE ACTIVITIES</b>	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Grants and contracts:</b>				
Legal Aid Agency	104,547	-	104,547	51,302
London Borough of Tower Hamlets	-	144,592	144,592	144,592
Housing Possession Court Duty Scheme	21,024	-	21,024	17,280
Trust for London	-	44,000	44,000	27,000
Real DPO Limited	56,854	-	56,854	58,139
Fees from private clients	33,965	-	33,965	26,422
Other	-	-	-	504
	<u>£216,390</u>	<u>£188,592</u>	<u>£404,982</u>	<u>£325,239</u>

Of the £325,239 recognised in 2018, £153,647 was unrestricted funds and £171,592 was restricted funds.



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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019  
/contd...

4. INVESTMENT INCOME	Unrestricted funds	Restricted funds	Total 2019	Total 2018
Bank interest	<u>£124</u>	<u>£Nil</u>	<u>£124</u>	<u>£18</u>

All of the £18 recognised in 2018 was unrestricted funds.

5. EXPENDITURE ON CHARITABLE ACTIVITIES	Direct costs £	Support costs £	Total 2019 £	Total 2018 £
Housing	81,510	54,567	136,077	153,016
Immigration	110,052	62,385	172,437	140,489
Welfare	81,968	62,367	144,335	141,883
	<u>£273,530</u>	<u>£179,319</u>	<u>£452,849</u>	<u>£435,388</u>

Of the £435,388 expenditure recognised in 2018, £212,272 was charged to unrestricted funds and £223,116 was charged to restricted funds.

6. ANALYSIS OF DIRECT COSTS	Total 2019 £	Total 2018 £
Staff costs	224,802	220,599
Other direct costs	48,728	60,476
	<u>£273,530</u>	<u>£281,075</u>

7. ANALYSIS OF SUPPORT COSTS	Total 2019 £	Total 2018 £
Staff and freelance costs	119,364	99,609
Office costs	34,812	31,626
Premises costs	21,043	19,023
Governance costs (see Note 8)	4,100	4,055
	<u>£179,319</u>	<u>£154,313</u>



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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

/contd...

8. GOVERNANCE COSTS	2019 £	2018 £
Legal fees	-	200
Independent examiner's fees - Examination	2,685	2,475
- SRA audit	1,415	1,380
	<u>£4,100</u>	<u>£4,055</u>

9. NET EXPENDITURE FOR THE YEAR	2019	2018
The net expenditure for the year is stated after charging:		
Operating lease rentals	£15,073	£18,251
Depreciation of tangible fixed assets	£1,635	£1,442
Independent Examiner's remuneration	£4,100	£3,855
Pension contributions (defined contribution schemes)	<u>£15,531</u>	<u>£3,999</u>

During the year Trustees received no remuneration (2018: £Nil) or reimbursed expenses (2018: £Nil).

10. STAFF COSTS AND NUMBERS	2019 £	2018 £
Staff costs were as follows:		
Wages and salaries	304,372	285,565
Social security costs	11,531	21,220
Pension costs	9,047	3,999
Pension deficit	6,484	-
	<u>£331,434</u>	<u>£310,784</u>

The average number of employees during the year was 14 (2018: 14).

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

Total employee benefits received by key management amounted to £28,894 (2018: £27,804). Under FRS 102, employee benefits includes gross salary, employer's NIC, employer's pension contributions and benefits in kind.



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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

/contd...

**11. FIXED ASSETS**

	Computer Equipment £	Fixtures & Fittings £	Total £
<b>Cost</b>			
Cost at 1 April 2018	14,464	1,510	15,974
Additions	770	-	770
Disposals	(9,903)	-	(9,903)
	<u>5,331</u>	<u>1,510</u>	<u>6,841</u>
At 31 March 2019			
<b>Depreciation</b>			
At 1 April 2018	11,043	302	11,345
Charge for the year	1,333	302	1,635
Eliminated on disposal	(9,903)	-	(9,903)
	<u>2,473</u>	<u>604</u>	<u>3,077</u>
At 31 March 2019			
<b>Net Book Value</b>			
At 31 March 2019	<u>£2,858</u>	<u>£906</u>	<u>£3,764</u>
At 31 March 2018	<u>£3,421</u>	<u>£1,208</u>	<u>£4,629</u>

**12. DEBTORS**

	2019 £	2018 £
Trade debtors	23,845	47,973
Other debtors	3,500	5,250
Prepayments and accrued income	49,484	6,303
	<u>£76,829</u>	<u>£59,526</u>

**13. CREDITORS – Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	31,352	38,947
Accruals and deferred income	12,944	9,710
Taxation and social security	17,834	15,890
	<u>£62,130</u>	<u>£64,547</u>

**14. CREDITORS – Amounts falling due after more than one year**

	2019 £	2018 £
Pension deficit	<u>£28,951</u>	<u>£28,563</u>



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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019  
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**15. MOVEMENT IN FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers Between Funds £	Carried Forward £
<b>2019</b>					
<b>Restricted funds</b>					
Specialist Welfare Advice Partnership	-	144,592	144,592	-	-
Immigration Advice Service	-	44,000	44,000	-	-
Solicitor Training	-	20,000	-	-	20,000
Capacity Building	-	75,000	75,000	-	-
	-	283,592	263,592	-	20,000
<b>Unrestricted funds</b>					
General	12,635	315,301	189,257	(50,000)	88,679
Designated - Premises	-	-	-	50,000	50,000
	12,635	315,301	189,257	-	138,679
<b>Total Funds</b>	<b>£12,635</b>	<b>£598,893</b>	<b>£452,849</b>	<b>£Nil</b>	<b>£158,679</b>

**Specialist Welfare Advice Partnership**

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

**Immigration Advice Service**

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

**Solicitor Training**

The Law Centre received a grant towards the costs of a training contract for a member of staff. The training contract commences in April 2019 therefore, no costs have been incurred up to 31 March 2019.

**Capacity Building**

The Law Centre has received funding towards the costs of developing its fundraising capacity and also towards salaries and overheads.

**Designated fund – Premises**

The trustees have designated £50,000 towards the potential costs associated with moving to new premises including payment of a lease premium, fit-out costs, removal costs (including Specialist IT costs) and increased rental costs.



**TOWER HAMLETS LAW CENTRE**  
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

/contd...

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

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

	Brought Forward £	Restated Income £	Restated Expenditure £	Transfers Between Funds £	Carried Forward £
<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>

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

	Unrestricted Funds £	Restricted Funds £	Total Funds £
<b>2019</b>			
Fixed Assets	3,764	-	3,764
Current assets	225,996	20,000	245,996
Current liabilities	(62,130)	-	(62,130)
Non-current liabilities	(28,951)	-	(28,951)
<b>As at 31 March 2019</b>	<u>£138,679</u>	<u>£20,000</u>	<u>£158,679</u>



**TOWER HAMLETS LAW CENTRE**  
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019  
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**16. ANALYSIS OF NET ASSETS  
BETWEEN FUNDS /contd...**

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

	Unrestricted Funds	Restricted Funds	Total Funds
<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)
As at 31 March 2018	<u>£12,635</u>	<u>£Nil</u>	<u>£12,635</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:

	2019 £	2018 £
Due within one year	7,973	9,383
Due within one to five years	-	973
	<u>£7,973</u>	<u>£10,356</u>

**20. CONTINGENT LIABILITIES**

**The Pension Trust – The Growth Plan**

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

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



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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**20. CONTINGENT LIABILITIES/contd...**

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

A full actuarial valuation for the scheme was carried out at 30 September 2017. This actuarial valuation showed assets of £795m, liabilities of £926m and a deficit of £131m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

The charity's share of the recovery plan contributions amounts to £5,488 per annum, increasing by 3% each year until 31 January 2025. The total contributions due under the original recovery plan amounting to £40,179 was recognised as a liability in the balance sheet in the year ended 31 March 2016. The liability has not been discounted to net present value on the grounds of immateriality.

As a result of recent changes to the recovery plan, effective from 1 April 2019, an additional liability of £6,484 has been recognised in the 31 March 2019 accounts.

The estimated debt on withdrawal from the scheme is £75,353 (effective date 30 September 2018) 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 specified or implied timeframes which preclude recognition of the full amount. The following contingent assets are therefore disclosed:

London Borough of Tower Hamlets	£84,345	(Specialist Welfare Advice Partnership)
City Bridge Trust	£75,000	(Capacity Building)
Trust for London	£90,000	(Immigration Advice Service)

**22. CLIENT MONIES**

In addition to the assets and liabilities included in these financial statements the charity also holds client money amounting to £39,668 in separate client bank accounts.



