

TOWER HAMLETS LAW CENTRE

(Company No.: 01720518)

(Charity No.: 287282)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2023

Reference and Administrative Details

Trustees

James Blythe, Chair
Mark Kalderon, Treasurer
Rosalind Shaw, Secretary
Manuhar Ali
Derek Maurice Cox
Catherine Tuitt
Maria-Grazia Donvito
Yvonne Kramo
Philip Bartlett
Robyn Jones
Zeno Capucci
Sabrina Jamil
Stephanie Leung
Steven Pallett
Philippa Salewicz
Syed Uddin (from 23 May 2023)

Senior Managers

Martin South, Chief Executive
Bolaji Bishi, Senior Solicitor

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
1-3 Bishopsgate
London EC2N 3AQ

TOWER HAMLETS LAW CENTRE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2023

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 2023. 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 the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2019.

The trustees have had regard to the advice of the Charities SORP Committee 'Implications of COVID-19 control measures and charity financial reporting', issued in March 2020.

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 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.
- We help people with all kinds of problems at work, including pay and working conditions, unfair dismissal and redundancy.

The trustees have agreed their Strategic Plan 2022-25 (See below, under 'Plans for the Future') which has focused our work for the year. In particular, we launched a community education initiative, 'Our Rights', with significant support from volunteers from Queen Mary University of London; and increased staff pay to ensure that the salaries of our staff were in line with market rates and to help mitigate the effect of increases in the cost of living.

Achievements and performance

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

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FOR THE YEAR ENDED 31 MARCH 2023
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Delivery of Specialist Legal Advice

We delivered specialist casework in housing, immigration, welfare benefits, and employment law throughout the year. By about the mid-point of the year, our services were delivered principally from our office in St Anne Street, near Westferry DLR, with advice to individuals provided through face-to-face appointments with specialist caseworkers and solicitors. Our pro-bono evening advice clinics, run in partnership with major City of London law firms and drawing on generous support from them and their staff, continued as telephone services throughout the year.

Our specialist employment law service came to an end in August 2022 when our funding effectively ran out and our casework supervisor left us in view of its uncertain future. We will work to re-establish the service as soon as funding can be secured.

Throughout the year, we kept our website, www.thlc.co.uk, updated with details of our services as well as useful information about special Government measures that were taken in respect of housing, immigration, welfare benefits and employment law to mitigate the effects of Covid-19.

During the year 2022-23 we worked on 1307 cases. This number was close to what we expected, following a substantial reduction in the previous year due to Covid-19 (and explained in our report for that year).

Partnership Working, Provision of Second Tier Support and Community Education

We are members of the rota for the Housing Possession Duty Solicitor Scheme at Bow County Court, providing assistance, advice and representation at court to those facing possession proceedings. The scheme resumed operation during the year, when court hearings recommenced following their suspension during Covid-19.

We continued to provide second tier support to other advice agencies in the borough, including advice by telephone and supervision support. We participated in the Tower Hamlets Community Advice Network, Advice Tower Hamlets and Tower Hamlets Connect partnerships, which co-ordinate services and offer mutual support.

During the year, we secured funding with in partnership with Praxis and RAMFEL to establish the Street Legal East project, part of a pan-London project that aims to assist vulnerable adults experiencing or threatened with homelessness by addressing their immigration status so that they can have recourse to public funds.

We also received support from the London Legal Support Trust to employ a part-time Billing Coordinator to help identify improvements in our financial practices and procedures and to help deal with historical legal aid and legal help billing.

Funding

Earnings from legal aid continued to improve from the level they reached during Covid and remain on an upward trajectory.

We are immensely grateful for the continuing support of funders like the City Bridge Trust, the Trust for London, the Legal Education Foundation, the London Legal Support Trust and the A.B. Charitable Trust as well as our corporate supporters, including Freshfields Bruckhaus Deringer and Norton Rose Fulbright.

Our employment law service was supported by a grant from the Law Centres Network Justice Fund. This helped us to continue to provide the service while we tried to find long-term sustainable funding for it.

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FOR THE YEAR ENDED 31 MARCH 2023
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Financial Review

The funding environment for advice services has now been particularly challenging for well over ten years, and despite achieving surpluses since 2017/18, the law centre's sustainability remains uncertain. We expect inflation, recession and the cost-of-living crisis to put exceptional pressure on public sector funders, who are likely to be required to make budget savings; and even the generous donations of our corporate supporters and grants from trusts and foundations are likely to come under pressure in challenging economic times.

For the 2022-23 year, funding from the L. B. Tower Hamlets Local Community Fund, which we received as part of the Advice Tower Hamlets consortium, continued unchanged. Funding for Tower Hamlets Connect, however, amounted to a £30,000 p.a. cut in grant funding to the law centre, as reported last year. This significantly reduced the amount of work we can do for Tower Hamlets residents with support needs. For 2023-24 we have now had the news that our grant from the Mayor's Community Grants Fund (the successor to the Local Community Fund) will be reduced by £25,000 (about 25%) a year with effect from November 2023. We face a growing challenge in securing funding for the most complex problems, requiring specialist legal support, with money increasingly directed towards services delivering greater numbers of relatively straightforward cases.

The scope of legal aid is far too narrow to allow access to justice for many people, and the rates of payment for work done are inadequate. This continues to lead to many practitioners abandoning practice. The Government's Review of Civil Legal Aid (RoCLA), aimed at developing proposals to ensure the long-term sustainability of the civil legal aid supplier base, is currently underway and due to report in 2024. We await the outcome with interest.

In the meantime, the extension of the 2018 standard civil contract until 31 August 2024 in order to allow time for RoCLA to take place) has evidently proved insufficient: a tendering round took place in the autumn of 2023 for new civil legal aid contracts which may last only a year – again, so that changes to the contract in the wake of RoCLA can be accommodated if necessary.

We currently expect a deficit of around £40,000 for 2023-24, which the trustees agreed to meet from our reserves. Our previous experience, however, has been that even having arrived at the mid-point of our business year, unexpected funds from in-year fundraising can have a significant impact.

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.

Designated Funds

In their Strategic Plan 2019-2022, the Trustees anticipated that, in order to expand the law centre's services and continue its financial recovery, it would be necessary to move to new, larger premises before the end of March 2022. The trustees designated a fund of £50,000 to deal with the potential costs of moving premises. In the light of the introduction of 'hybrid' working by the law centre and many other organisations in the wake of Covid-19, however, the trustees have now decided that our existing premises (for which we have a lease until at least December 2025) are adequate for our needs; and the designation of the £50,000 from our reserves is no longer needed.

TOWER HAMLETS LAW CENTRE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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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. The cost-of-living crisis, in particular, has increased both demand for our services and the cost of delivering them. For the moment, however, the reserves target is unchanged, so that we can direct our income towards delivering services and bolstering the salaries of our staff. Budgeted expenditure for 2024-25 is around £650,000, but the target for reserves remains £200,000.

The amount of unrestricted reserves held by the charity at 31 March 2023 was £275,889. The Trustees anticipate that it will be necessary to draw upon these reserves over the course of the next few years in order to mitigate the effects of inflation, recession and the cost-of-living crisis in the UK. These will increase the cost of running the law centre at the same time as increasing demand for our services. At the same time, the historical underfunding of legal aid is likely to continue, and public sector funders, in particular, will be placed under increasing budgetary pressure.

Plans for the Future

The Trustees have agreed the Law Centre's Strategic Plan 2022-2025. In order to improve our focus on the things we most want to achieve, they have selected just four priorities for strategic development. Our three trustees' committees (Finance, Personnel and Development) will each lead on one of the priorities, ensuring that progress is regularly reviewed and any blockages managed. The fourth priority, which concerns community engagement, will be led by the full Board of Trustees, reflecting its central importance in our plans. The four priorities are:

Priority One: A High-Performing Organisation

Lead Committee: Finance

We will drive high performance at all levels of the organisation.

Priority Two: A Well-Funded Organisation

Lead Committee: Development

We will continue to grow and diversify our sources of income.

Priority Three: A Modern, Inclusive Employer of Choice

Lead Committee: Personnel

We will be an organisation that people want to work for, enjoy working for, stay and progress in

Priority Four: A Fully Engaged Voice for the East End Community

Lead: Full Board of Trustees

We will understand our community better, and build links so that our work reflects the needs and priorities of the people we serve.

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.

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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. A recruitment process during the year to 31 March 2022 resulted in the appointment of four new trustees.

Mindful of the advice in the Charity Governance Code, the Trustees intend to introduce a nine-year term limit on trusteeship. They are also conscious, however, that to introduce it immediately would result in the enforced retirement of many highly experienced trustees, most of whom provide the Board with invaluable knowledge and understanding of the local community. The Trustees are, therefore, embarking on a review of Board membership and succession planning which is intended to enable them to introduce the term limit in one to two years' time, with firm proposals made to next year's Annual General Meeting.

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.

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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.

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 have been indebted to the trainee solicitors from Freshfields Bruckhaus Deringer, Norton Rose Fulbright, and Ince, who offer pro bono advice on housing, employment, welfare benefits and immigration.

Responsibilities of the Trustees

The Trustees (who are also directors of the charitable company 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (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 business.

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

Independent Examiner

Myrus Smith Chartered Accountants were appointed as our independent examiners at the Annual General Meeting in November 2022. They have expressed their willingness to accept appointment and a resolution to appoint them for 2023/24 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 21/11/2023 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 2023 which are set out on pages 11 to 23.

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

23 March

2023

TOWER HAMLETS LAW CENTRE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Income from:					
Donations	2	154,263	167,965	322,228	273,699
Charitable activities	3	157,604	144,335	301,939	363,466
Investments	4	810	-	810	23
Total		<u>312,677</u>	<u>312,300</u>	<u>624,977</u>	<u>637,188</u>
Expenditure on:					
Charitable activities	5	310,925	312,300	623,225	566,866
Total		<u>310,925</u>	<u>312,300</u>	<u>623,225</u>	<u>566,866</u>
Net income/(expenditure)	9	1,752	-	1,752	70,322
Transfer between funds	15	-	-	-	-
Net movement in funds		1,752	-	1,752	70,322
Reconciliation of funds					
Total funds brought forward	15	274,137	-	274,137	203,815
Total funds carried forward	15	<u>£275,889</u>	<u>£Nil</u>	<u>£275,889</u>	<u>£274,137</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
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BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	£	2023	£	£	2022	£
FIXED ASSETS							
Tangible fixed assets	11			4,016			7,812
CURRENT ASSETS							
Debtors	12	109,246			61,926		
Cash at bank and in hand		227,691			271,681		
		<u>336,937</u>			<u>333,607</u>		
CREDITORS: Amounts falling due within one year	13	65,064			67,282		
NET CURRENT ASSETS				<u>271,873</u>			<u>266,325</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>275,889</u>			<u>274,137</u>
CREDITORS: Amounts falling due after more than one year	14			-			-
NET ASSETS	16			<u><u>£275,889</u></u>			<u><u>£274,137</u></u>
FUNDS							
Restricted	15			-			-
Unrestricted - Designated	15			-			50,000
Unrestricted - General	15			<u>275,889</u>			<u>224,137</u>
	15			<u><u>£275,889</u></u>			<u><u>£274,137</u></u>

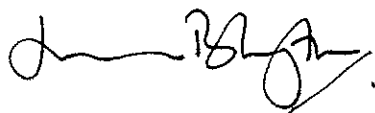
The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2023. The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2023 in accordance with Section 476 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 **21.11** 2023 and signed on its behalf by:



James Blythe
Trustee and Chair

The notes form part of the financial statements.

TOWER HAMLETS LAW CENTRE
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CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities:		
Net movement in funds	1,752	70,322
Adjustments for:		
Interest receivable	(810)	(23)
Depreciation charges (note 11)	4,471	4,162
Decrease/(increase) in debtors	(47,320)	30,756
(Decrease)/increase in creditors	(2,218)	(18,497)
<i>Net cash provided by operating activities</i>	<u>(44,125)</u>	<u>86,720</u>
Cash flows from investing activities:		
Interest received (note 4)	810	23
Purchase of tangible fixed assets	(675)	-
Disposal of tangible fixed assets	-	1,769
<i>Net cash used in investing activities</i>	<u>135</u>	<u>1,792</u>
Change in cash and cash equivalents in the year	(43,990)	88,512
Cash and cash equivalents brought forward	271,681	183,169
Cash and cash equivalents carried forward	<u>£227,691</u>	<u>£271,681</u>
Analysis of cash and cash equivalents	2023	2022
Cash at bank and in hand	<u>£227,691</u>	<u>£271,681</u>

The notes form part of the financial statements.

TOWER HAMLETS LAW CENTRE
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 in October 2019, Charities SORP (FRS 102), 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

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NOTES TO THE FINANCIAL STATEMENTS

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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.

Debtors and creditors receivable/payable within one year

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.

2. DONATIONS	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Grants	39,672	167,965	207,637	193,547
Donations	114,591	-	114,591	80,152
	<u>£154,263</u>	<u>£167,965</u>	<u>£322,228</u>	<u>£273,699</u>

Of the £273,699 recognised in 2022, £95,152 was unrestricted and £178,547 was restricted.

3. INCOME FROM CHARITABLE ACTIVITIES	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Grants and contracts:				
Legal Aid Agency	61,862	-	61,862	38,326
London Borough of Tower Hamlets/East End Citizens Advice Bureau	-	97,335	97,335	97,335
Housing Possession Court Duty Scheme	17,568	-	17,568	10,296
Trust for London	-	47,000	47,000	46,000
Real DPO Limited/Age UK East London	32,250	-	32,250	51,799
Crisis Hub Agreement	-	-	-	15,000
Justice Fund	-	-	-	18,000
Law Centres Network	250	-	250	-
Fees from private clients	45,674	-	45,674	86,710
	<u>£157,604</u>	<u>£144,335</u>	<u>£301,939</u>	<u>£363,466</u>

Of the £363,466 recognised in 2022, £107,131 was unrestricted funds and £176,335 was restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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4. INVESTMENT INCOME	Unrestricted funds	Restricted funds	Total 2023	Total 2022
Bank interest	£810	£Nil	£810	£23

All of the £23 recognised in 2022 was unrestricted funds.

5. EXPENDITURE ON CHARITABLE ACTIVITIES	Direct costs £	Support costs £	Total 2023 £	Total 2022 £
Housing	126,827	89,429	216,256	155,924
Employment	12,481	3,312	15,793	63,820
Immigration	155,253	125,864	281,117	215,433
Welfare	63,689	46,370	110,059	131,689
	<u>£358,250</u>	<u>£264,975</u>	<u>£623,225</u>	<u>£566,866</u>

Of the £566,866 expenditure recognised in 2022, £211,984 was charged to unrestricted funds and £354,882 was charged to restricted funds.

6. ANALYSIS OF DIRECT COSTS	Total 2023 £	Total 2022 £
Staff costs	343,227	355,164
Other direct costs	15,023	4,223
	<u>£358,250</u>	<u>£359,387</u>

7. ANALYSIS OF SUPPORT COSTS	Total 2023 £	Total 2022 £
Staff and freelance costs	183,230	137,061
Office costs	46,380	44,723
Premises costs	31,812	22,245
Governance costs (see Note 8)	3,553	3,450
	<u>£264,975</u>	<u>£207,479</u>

8. GOVERNANCE COSTS	2023 £	2022 £
Independent examiner's fees - Examination	2,300	2,200
SRA audit	1,240	1,250
Other fees	13	-
	<u>£3,553</u>	<u>£3,450</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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9. NET INCOME/EXPENDITURE FOR THE YEAR	2023	2022
The net income/expenditure for the year is stated after charging:		
Operating lease rentals	£18,744	£17,532
Depreciation of tangible fixed assets	£4,471	£4,989
Independent Examiner's remuneration	£2,300	£2,200
Pension contributions (defined contribution schemes)	£11,733	£11,734
	<u>£11,733</u>	<u>£11,734</u>

During the year Trustees received no remuneration (2022: £Nil) or reimbursed expenses (2022: £Nil).

10. STAFF COSTS AND NUMBERS	2023	2022
	£	£
Staff costs were as follows:		
Wages and salaries	433,679	434,170
Social security costs	39,174	37,513
Pension costs	11,733	11,734
Pension deficit contributions	-	(12,311)
	<u>£484,586</u>	<u>£471,106</u>

The average number of employees during the year was 15 (2022: 16).

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 £29,615 (2022: £29,073). Under FRS 102, employee benefits includes gross salary, employer's NIC, employer's pension contributions and benefits in kind.

11. FIXED ASSETS	Office & Computer Equipment £	Fixtures & Fittings £	Total £
Cost			
Cost at 1 April 2022	22,538	1,510	24,048
Additions	675	-	675
Disposals	-	-	-
	<u>23,213</u>	<u>1,510</u>	<u>24,723</u>
At 31 March 2023	23,213	1,510	24,723
Depreciation			
At 1 April 2022	14,726	1,510	16,236
Charge for the year	4,471	-	4,471
Eliminated on disposal	-	-	-
	<u>19,197</u>	<u>1,510</u>	<u>20,707</u>
At 31 March 2023	19,197	1,510	20,707
Net Book Value			
At 31 March 2023	<u>£4,016</u>	<u>£Nil</u>	<u>£4,016</u>
At 31 March 2022	<u>£7,812</u>	<u>£Nil</u>	<u>£7,812</u>

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FOR THE YEAR ENDED 31 MARCH 2023
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12. DEBTORS	2023 £	2022 £
Trade debtors	37,492	14,423
Prepayments and accrued income	68,154	44,003
Other debtors	3,600	3,500
	<u>£109,246</u>	<u>£61,926</u>

13. CREDITORS – Amounts falling due within one year	2023 £	2022 £
Trade creditors	35,683	18,810
Accruals and deferred income (see below)	12,333	23,389
Taxation and social security	17,048	25,083
	<u>£65,064</u>	<u>£67,282</u>

DEFERRED INCOME	Balance Brought Forward	Additions in Year	Released to Income	Balance Carried Forward
Grants	<u>£15,000</u>	<u>£8,333</u>	<u>£15,000</u>	<u>£8,333</u>

Deferred income reflects grant income received in advance for the following financial year, to be expended in accordance with specified or implied timeframes and agreed budgets.

14. CREDITORS – Amounts falling due after more than one year	2023 £	2022 £
Pension deficit	<u>£Nil</u>	<u>£Nil</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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15. MOVEMENT IN FUNDS

2023	Brought Forward £	Income £	Expenditure £	Transfers Between Funds £	Carried Forward £
Restricted funds					
Specialist Welfare Advice Partnership	-	97,335	(97,335)	-	-
Immigration Advice Service	-	47,000	(47,000)	-	-
Capacity Building	-	56,667	(56,667)	-	-
Justice First Fellowship Scheme	-	41,426	(41,426)	-	-
EU Settlement Scheme	-	30,212	(30,212)	-	-
Street Legal East	-	37,500	(37,500)	-	-
Biling Coordinator	-	2,160	(2,160)	-	-
	<u>-</u>	<u>312,300</u>	<u>(312,300)</u>	<u>-</u>	<u>-</u>
Unrestricted funds					
General	224,137	312,677	(310,925)	50,000	275,889
Designated - Premises	50,000	-	-	(50,000)	-
	<u>274,137</u>	<u>312,677</u>	<u>(310,925)</u>	<u>-</u>	<u>275,889</u>
Total Funds	<u>£274,137</u>	<u>£624,977</u>	<u>£(623,225)</u>	<u>£Nil</u>	<u>£275,889</u>

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FOR THE YEAR ENDED 31 MARCH 2023

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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.

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.

Capacity Building

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

Justice First Fellowship Scheme

This is funded by the Legal Aid Foundation for the training of Fellow solicitors.

EU Settlement Scheme

This is funded by the Home Office to support vulnerable EU citizens with completing their EUSS applications.

Crisis Hub Agreement

Support for Crisis's "Skylight Centres" and other frontline organisations.

London Community Response

This was money for and spent on computer equipment.

Street Legal East

This is part of a pan London project that aims to assist vulnerable adults experiencing or threatened with homelessness by addressing their immigration status so that they can have recourse to public funds.

Billing Coordinator

The Billing Coordinator's principal role was to help identify improvements in our financial practices and procedures and to help deal with historical legal aid and legal help billing.

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. This is no longer needed and hence transfer was made to General Funds.

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FOR THE YEAR ENDED 31 MARCH 2023

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15. MOVEMENT IN FUNDS /contd...

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

2022	Brought Forward	Income	Expenditure	Transfers Between Funds	Carried Forward
	£	£	£	£	£
Restricted funds					
Specialist Welfare Advice Partnership	-	97,335	(97,335)	-	-
Immigration Advice Service	-	46,000	(46,000)	-	-
Capacity Building	-	43,750	(43,750)	-	-
Justice First Fellowship Scheme	-	45,511	(45,511)	-	-
EU Settlement Scheme	-	39,424	(39,424)	-	-
Crisis Hub Agreement	-	15,000	(15,000)	-	-
Justice Fund	-	18,000	(18,000)	-	-
London Community Response	-	49,862	(49,862)	-	-
	<u>-</u>	<u>354,882</u>	<u>(354,882)</u>	<u>-</u>	<u>-</u>
Unrestricted funds					
General	153,815	282,306	(211,984)	-	224,137
Designated - Premises	50,000	-	-	-	50,000
	<u>203,815</u>	<u>282,306</u>	<u>(211,984)</u>	<u>-</u>	<u>274,137</u>
Total Funds	<u>£203,815</u>	<u>£637,188</u>	<u>£(566,866)</u>	<u>£Nil</u>	<u>£274,137</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
2023			
Fixed Assets	4,016	-	4,016
Current assets	336,937	-	336,937
Current liabilities	(65,064)	-	(65,064)
Non-current liabilities	-	-	-
	<u>£275,889</u>	<u>£Nil</u>	<u>£275,889</u>
As at 31 March 2023			

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FOR THE YEAR ENDED 31 MARCH 2023

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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 £
2022			
Fixed Assets	7,812	-	7,812
Current assets	318,607	15,000	333,607
Current liabilities	(52,282)	(15,000)	(67,282)
Non-current liabilities	-	-	-
As at 31 March 2022	<u>£274,137</u>	<u>£Nil</u>	<u>£274,137</u>

17. COMPANY STATUS

Tower Hamlets Law Centre is a private company limited by guarantee with no share capital and is 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:

	2023 £	2022 £
Due within one year	9,050	8,994
Due within one to five years	1,200	-
	<u>£10,250</u>	<u>£8,994</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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FOR THE YEAR ENDED 31 MARCH 2023
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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 amount 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 changes to the recovery plan, effective from 1 April 2019, an additional liability of £6,484 was recognised in the 31 March 2019 accounts.

The estimated debt on withdrawal from the scheme is **£83,208 (effective date 30 September 2020)** and it is anticipated that this will reduce over time as a result of the recovery plan contributions and investment returns.

21. CONTINGENT ASSETS

The charity has been awarded some multi-year grants with specified or implied timeframes which preclude recognition of the full amount. The following contingent assets are therefore disclosed as at 31 March 2023:

Legal Education Fellowship	£31,533	(Justice First Fellowship Scheme)
City Bridge Trust	£12,500	(Contribution towards Running Costs)
Trust for London	£47,000	(Immigration Advice Service)
Age UK East London	£49,952	(Advice and General Advocacy Service)
Law Centres Network	£90,650	(Train and Qualify Solicitor)
Access to Justice Foundation	£162,760	(Welfare Advice)

22. CLIENT MONIES

In addition to the assets and liabilities included in these financial statements the charity also holds client money amounting to £72,013 as at 31 March 2023 (£35,046 as at 31 March 2022) in a separate client bank account.