

Company registration number: 01653936

Charity registration number: 1105937

# NORTH EAST LAW CENTRE

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2019

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# **North East Law Centre**

## **Contents**

Reference and Administrative Details	1
Trustees' Report	2 to 8
Independent Examiner's Report	9
Statement of Financial Activities	10
Statement of Financial Activities	11
Balance Sheet	12
Notes to the Financial Statements	13 to 26

# North East Law Centre

## Reference and Administrative Details

<b>Trustees</b>	Mr J Cripps Mr D Slater Mr S Booth-Malone Mrs A Withers (resigned 19 July 2018), Ms K Seth (resigned 13 April 2018) Mrs K Semianczuk Mrs C Brookes (appointed 1 April 2019) Prof A T P Jones (appointed 1 May 2019)
<b>Key Management Personnel</b>	Mr M Fawole (Centre Director) Mrs C Hurst (Senior Solicitor) Mrs J Maxwell (Finance Officer) Board of Trustees
<b>Principal Office</b>	MEA House Ellison Place Newcastle upon Tyne NE1 8XS
<b>Company Registration Number</b>	01653936
<b>Charity Registration Number</b>	1105937
<b>Bankers</b>	The Co-operative Bank plc 84-86 Grey Street Newcastle upon Tyne NE1 6BZ
<b>Independent Examiner</b>	MHA Tait Walker Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

# **North East Law Centre**

## **Trustees' Report**

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 March 2019.

### **Structure, governance and management**

#### ***Nature of governing document***

North East Law Centre is a registered charity and company limited by guarantee. The company is governed by its Memorandum and Articles of Association and was incorporated on 26 July 1982 and last amended on 19 October 2015 - number 01653936 and is also a registered charity - number 1105937.

#### ***Recruitment and appointment of trustees***

Trustees are recruited wherever possible by advertisement. It is open to anyone to apply to become a trustee. Some trustees are appointed following recommendation. All appointments must be ratified by the Board. Trustees stand for a fixed term of three years and are reelected at the Annual General Meeting.

#### ***Induction and training of trustees***

Trustees receive an induction with the Centre Directors where policies, procedures, current and past work are discussed. Each member receives a copy of the governance manual.

#### ***Organisational structure***

The charity is managed by the trustees who meet at least 6 times per year (and usually monthly). The trustees, who served during the year and up to the date of the report, are set out on page 1. There were fewer changes in the trustees this year, which has given us the opportunity to consolidate the board and carry out an independent governance review. We have a diverse mix of backgrounds, skills and experience amongst the current trustees.

The operational management of the organisation is undertaken by the paid staff team.

The trustees have examined the major risks which the charity faces in relation to external factors, governance and management, internal operations and business. The trustees have considered the likelihood and the impact of risks, and continually review the systems in place to reduce those risks. The systems are being designed to provide reasonable assurance against material loss.

# **North East Law Centre**

## **Trustees' Report**

### **Objectives and activities**

#### ***Objects and aims***

North East Law Centre was established in 1978 to promote access to legal justice and promote social justice, and to serve the needs of traditionally oppressed groups and those whose access to the legal system is restricted. The Law Centre seeks to achieve this by employing a variety of methods of work, including individual case work and advice work, training, provision of meeting place facilities and access to resources. In 2017/18 it held no contracts with the Legal Aid Agency, but carried out grant-funded work in employment, immigration, asylum, family, welfare benefits and education law.

The Law Centre provides free and (increasingly, where the clients have some means of paying) low cost legal advice and representation to people living, working or studying in the North East who receive low incomes. The priority areas of work for the Law Centre reflects the needs of the users, and its policy to work against discrimination.

#### ***Fundraising disclosures***

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

#### ***Public benefit***

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

#### ***Achievements and performance***

The year ending March 2019 was another year of transition and challenges for the North East Law Centre (NELC) with the addition of legal aid contract in Immigration and Family law, increased capacity in most of our service areas, and other services progressing from pro bono provision to grant funded services (Welfare Benefits, Education and Employment law).

NELC's broad objectives continue so be to explore new ways of working in the local community, empowering people to be more aware of their rights and to try to provide them with tools to challenge injustice themselves, as well as continuing to provide specialist legal advice services to vulnerable client groups.

In line with our broad objectives we have continued to find new ways of working in the local community, empowering people to be more aware of their rights and to try to provide them with tools to challenge injustice themselves as well as continuing to provide specialist legal advice services to those who would otherwise be unable to get advice. Our updated vision from last year has continued to shape the organisation's approach to supporting our beneficiaries to know their legal rights and how to exercise them with confidence. Our revised mission is to:

- educate people about the law at scale, so that people understand what rights they have, thereby reducing their fears, confusions and distress.
- help people get justice who would not otherwise be able to by providing high-quality advice, advocacy and representation.
- create new routes to secure justice that are accessible, local and values-driven

NELC continues to offer free specialist advice in key themed areas, but in each of those we have developed work that goes beyond simply giving legal advice:

# **North East Law Centre**

## **Trustees' Report**

### **Refugees, Asylum Seekers and Migrants**

We offer free immigration advice to people on low incomes in Newcastle funded by Newcastle City Council under the Newcastle Fund programme, and from September 2019 to eligible clients under the legal aid scheme. Also, from September 2017, we have also extended the service to include people in the Sunderland area, thanks to continuation funding from Garfield Weston. This has enabled us to remain visible and increase access to justice in Sunderland and surrounding area.

We continue to run the Refugee Law Project funded by Lloyds Bank Foundation to support asylum seekers who are ineligible for legal aid, and refugees seeking to be reunited with family members through refugee family reunion.

We have also been extremely fortunate to obtain year-on-year continuation funding from the Police and Crime Commissioner for Northumbria (PCC) under the Supporting Victims Fund programme. We are funded under the programme to support and represent a range of victims of crime including: victims of trafficking, migrant victims of domestic violence and people seeking Female Genital Mutilation Protection Orders.

We continue to offer training to local organisations on the basics of the asylum system and on the implications of the Immigration Act.

### **Domestic and Sexual Violence, and victims of Crime**

The PCC grant continues to enable NELC to support victims of domestic and sexual violence and crime. The service offers specialist family law advice, but also advice in other areas of law as and when required including housing, welfare benefits and immigration to victims of domestic violence.

We run training sessions for local professionals to help them understand more about the legal resolutions that can be sought when there is domestic violence and which of these can be sought via legal aid and what happens in court etc so that they can use this information to appropriately refer and support their clients.

Under the grant, we also offer support in completing compensation applications to the Criminal Injuries Compensation Authority (CICA) from people who have been physically or mentally injured because they were the blameless victim of a violent crime.

### **Access to Justice - Immigration, Family, Education Law Advice**

We continue to run a series of smaller projects that target specific areas of law where there is limited or no access to justice, or where it is not possible for people to get legal aid, and to those unable to afford to pay for legal advice.

We offer free family law advice to people on low incomes in Newcastle with funding provided by Newcastle City Council under the Newcastle Fund Programme. We have been able to extend this to Sunderland thanks to funding from other small funders. This work is delivered in partnership with Sunderland University Law School.

# **North East Law Centre**

## **Trustees' Report**

### **Welfare Benefits Project**

We continue to deliver Welfare Benefits Advice as the project lead of the Lottery funded Families Through Crisis project. With three key partners, the project works with families in Newcastle who would not ordinarily engage with support services and are experiencing crisis and hardship. The project aims to help resolve their underlying issues with additional elements of support delivered by Changing Lives and Advocacy Centre North. Our other welfare benefits services include:

- We offer Welfare Benefits and Debt advice via a project with Wor Hoose in Walker and via GP surgeries in the Outer West of Newcastle.
- We offer welfare benefits advice and appeals representation to Tyne and Wear residents. We accompany vulnerable clients to provide support at Appeals Tribunals. This is funded by Community Foundation and Barbour Trust.

### **Pro Bono Development**

We have developed pro bono clinics to support clients in the following areas:

- Education Law - supported by a Barrister (Unregistered)
- Discrimination Law - supported by a solicitor from private practice
- Welfare benefits - supported by a solicitor and part-retired Judge.

### **Second tier support**

We offer support to advice agencies and other second tier organisations in Newcastle upon Tyne, in the areas of law in which we specialize. This support is in the form of one-off instances of advice and is funded by Newcastle City Council.

We continue to run a range of training programmes about access to justice to staff and volunteers from organisations across the VCS.

The outcome of our work with beneficiaries and trusted partners is that the Law Centre continues to capitalise on its unique position as a leading Not for Profit advice agency delivering quality assured specialist advice in the North East to some of the most vulnerable in society.

### **Staffing - Annual Survey**

The Law Centre's staff and volunteers have worked extremely hard all year round, providing specialist legal services, securing funding and setting up new services, and continue to show their commitment to the Law Centre. The Board of Trustees for their part are also committed to ensuring that our staff work within a healthy and conducive environment to enable them to perform effectively in their roles, and this year we conducted a staff survey to gauge their views.

The overall feedback from staff was positive and confirmed that the Law Centre is a good place to work. Most staff remain committed to the ethos of the Law Centre. However, the survey highlighted several issues that required urgent attention including pay, progression and the management structure. The HR group consisting of trustees, supported by the Centre Director and our external HR support are currently exploring solutions to the issues raised.

# **North East Law Centre**

## **Trustees' Report**

### **Website Development**

We developed a marketing strategy last year to support our business delivery plan by raising our profile, and to amplify our wider regional remit as North East Law Centre.

A key element of the marketing strategy was the redevelopment of our website and the first stage is now complete, resulting in a more user-friendly website supported by the latest web technology. The second stage of the redevelopment will include enhancements including webchat, appointment app for increased efficiency, and additional self-help materials.

### **Risk Management**

The board of Trustees conducts regular reviews of the major risks to which the charity is exposed. There is a risk register that is updated and reviewed by the Board regularly. Where appropriate, systems and procedures have been established to mitigate these risks.

### **Financial review**

Our primary aim is to strengthen our financial position by increasing our unrestricted reserves year on year and although these accounts do not fully reflect progress in that area, however, adding to the reserves remains a priority for the Board of Trustees. The shortfall in income this year has been mainly due to the more diverse income streams during the year including legal aid and other public sector grants. Most these are paid in arrears and the challenge going forward, is to accurately project payment intervals to support our cashflow position. Nonetheless, the Board remains confident that the position will be reversed in the 2019/20 financial year with secured income for the year already in excess of £500k.

We supported 1560 clients with legal advice in 2018-19, with many more now provided full casework and representation.

### ***Policy on reserves***

The calculation of free reserves is based on the definition included in the charity statement of recommended practice (SORP), which provides recommendations for accounting and reporting for charities. The trustees have examined the requirements of the charity to hold free reserves - those reserves not invested in tangible fixed assets, excluding long term liabilities, or designated for a particular purpose. The Trustees considered it would be appropriate to hold the equivalent of between 3 and 6 months running costs, which would equate to holding approximately £60,000 in free reserves.

At the year end, free reserves were £11,162 (2018 - £89,642), an decrease of £78,480 in the year as a result of a decrease in unrestricted grant income received.

### **Key Management Personnel**

The board, who give their time freely and no trustees received remuneration in the year, have considered who the Key Management Personnel (KMP) of the charity, as noted in the Reference and Administration section. Together with the board, these KMP are those in charge of directing and controlling, running and operating the activities of the charity on a day to day basis. The pay of the KMP is reviewed annually and normally increased in accordance with average earnings. The trustees benchmark against pay levels of other charities and similar organisations within the sector and the region. Pay levels are set using this information together with the budget and forecast information, ensuring that the charity can afford any proposed increases. The board then agree any uplift to remuneration.



# **North East Law Centre**

## **Trustees' Report**

### **Plans for future periods**

#### ***Aims and key objectives for future periods***

This was a challenging year of transition for NELC with new services introduced but we have continued to grow and increase the acts of assistance provided year on year. We have plans for new and exciting projects in 2019/20 and we remain committed to increasing access to justice for our beneficiaries.

NELC's business strategy remains to continue to diversify our funding streams whilst expanding our services throughout the region in line with our wider regional remit. We will continue to apply for grants to charitable foundations and Trusts as and when the opportunities arise. The legal aid contract enabled us to raise our profile in Sunderland however, the requirement to establish a permanent presence in Sunderland remains a key priority, and we are at advanced stages of the process.

We also remain committed to expanding our services to other parts of the region in recognition of our regional remit and we are currently working with likeminded trusted sector partners to make that happen.

New Services include:

#### **Education Law**

Currently partly grant funded, our future aim is to obtain full grant funding to increase our capacity to meet increased demand particularly with queries around school admission appeals and exclusions. Some areas in the North East have now been identified nationally as high exclusion areas including Teesside, Sunderland and parts of Newcastle.

#### **Mental Health**

NELC is the lead partner for the Baring Foundation funded Recovery Through Rights project. The project is in partnership with the Recovery College Collective (ReCoCo) Newcastle, the aim of the project is to test how legal and human rights-based approaches could improve the outcomes for people experiencing mental distress whose rights are under threat of denial/being denied, especially in terms of income and access to health and social care.

#### **Fee Paying Delivery Model**

We have continued to deliver our affordable paying advice model in Family and Immigration Law. We will renew our focus to widely market this service to clients that are ineligible for free services and are unable to afford private practice fees. The service fully complements our free advice services, and the overarching aim is to support the Centre's sustainability strategy and provide much needed affordable alternative to high street law firms that is out of reach to most of our client groups who would otherwise be denied access to justice.

The Board of Trustees would like to extend their thanks to the staff and volunteers at the Law Centre for all their continued commitment to the work of the Centre.

# North East Law Centre

## Trustees' Report

### Going concern

The trustees recognise that whilst the injection of finance has helped to support the charity's free reserves in the short term, they are conscious that in the medium and longer term that the charity will need to generate surpluses in order to move towards their target level of free reserves. The need for the charity's services continue to grow and therefore the demand on future reserves will also be greater, hence the charity continues to require future funding and the support of its funding partners.

The trustees have prepared a budget and cashflow forecast and have concluded that the charity continues to be a going concern for the foreseeable future. On that basis they have continued to adopt the going concern basis when preparing the financial statements.

### Statement of Trustees' responsibilities

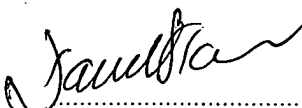
The trustees (who are also the directors of North East Law Centre for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

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

The annual report was approved by the trustees of the charity on 21.11.19 and signed on its behalf by:

  
.....  
Mr D Slater  
Trustee

## North East Law Centre

### Independent Examiner's Report to the trustees of North East Law Centre

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 March 2019 which are set out on pages 10 to 26.

#### Respective responsibilities of trustees and examiner

As the charity's trustees of North East Law Centre (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 North East Law Centre 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 charity'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.

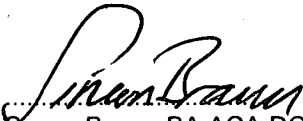
#### Independent examiner's statement

Since North East Law Centre'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 Chartered accountant, 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:

1. accounting records were not kept in respect of North East Law Centre 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.



Simon Brown BA ACA DChA  
Chartered accountant  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: 29.11.19

MHA Tait Walker is a trading name of Tait Walker LLP.

## North East Law Centre

### Statement of Financial Activities for the Year Ended 31 March 2019 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Income and Endowments from:</b>					
Donations and legacies	3	2,265	-	2,265	572
Charitable activities	4	75,769	226,979	302,748	323,848
Investment income	5	340	-	340	284
Total Income		<u>78,374</u>	<u>226,979</u>	<u>305,353</u>	<u>324,704</u>
<b>Expenditure on:</b>					
Charitable activities	6	<u>(143,854)</u>	<u>(211,620)</u>	<u>(355,474)</u>	<u>(286,081)</u>
Total Expenditure		<u>(143,854)</u>	<u>(211,620)</u>	<u>(355,474)</u>	<u>(286,081)</u>
Net (expenditure)/income		<u>(65,480)</u>	<u>15,359</u>	<u>(50,121)</u>	<u>38,623</u>
Net movement in funds		(65,480)	15,359	(50,121)	38,623
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>76,642</u>	<u>52,569</u>	<u>129,211</u>	<u>90,588</u>
Total funds carried forward	19	<u><u>11,162</u></u>	<u><u>67,928</u></u>	<u><u>79,090</u></u>	<u><u>129,211</u></u>

All of the charity's activities derive from continuing operations during the above two periods.

## North East Law Centre

### Comparative Statement of Financial Activities for the Year Ended 31 March 2018

(Including Income and Expenditure Account and Statement of Total  
Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2018 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	572	-	572
Charitable activities	4	114,658	209,190	323,848
Investment income	5	284	-	284
Total income		<u>115,514</u>	<u>209,190</u>	<u>324,704</u>
<b>Expenditure on:</b>				
Charitable activities	6	<u>(80,860)</u>	<u>(205,221)</u>	<u>(286,081)</u>
Total expenditure		<u>(80,860)</u>	<u>(205,221)</u>	<u>(286,081)</u>
Net income		<u>34,654</u>	<u>3,969</u>	<u>38,623</u>
Net movement in funds		34,654	3,969	38,623
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>41,988</u>	<u>48,600</u>	<u>90,588</u>
Total funds carried forward	19	<u><u>76,642</u></u>	<u><u>52,569</u></u>	<u><u>129,211</u></u>

## North East Law Centre

(Registration number: 01653936)  
Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	-	-
<b>Current assets</b>			
Debtors	14	36,490	24,949
Cash at bank and in hand		<u>91,380</u>	<u>165,851</u>
		127,870	190,800
<b>Creditors: Amounts falling due within one year</b>	15	<u>(48,780)</u>	<u>(48,589)</u>
<b>Net current assets</b>		<u>79,090</u>	<u>142,211</u>
<b>Total assets less current liabilities</b>		79,090	142,211
<b>Creditors: Amounts falling due after more than one year</b>	16	<u>-</u>	<u>(13,000)</u>
<b>Net assets</b>		<u>79,090</u>	<u>129,211</u>
<b>Funds of the charity:</b>			
<b>Restricted funds</b>		67,928	52,569
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>11,162</u>	<u>76,642</u>
<b>Total funds</b>	19	<u>79,090</u>	<u>129,211</u>

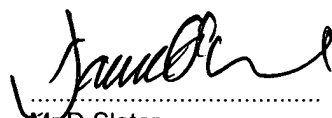
For the financial year ending 31 March 2019 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

### Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 10 to 26 were approved by the trustees, and authorised for issue on 21.11.19 and signed on their behalf by:

  
.....  
Mr D Slater  
Trustee

## **North East Law Centre**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

#### **1 Charity status**

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is: MEA House, Ellison Place, Newcastle upon Tyne, NE1 8XS

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

##### **Basis of preparation**

North East Law Centre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

These financial statements are prepared in sterling which is the functional currency of the entity.

##### **Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

##### **Exemption from preparing a cash flow statement**

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

##### **Estimation uncertainty and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are considered to be no significant judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies which affect the amounts recognised in the financial statements.

## **North East Law Centre**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

#### **2 Accounting policies (continued)**

##### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Accounting estimates and assumptions are made concerning the future, any by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £Nil (2018 - £1,208).

##### **Income and endowments**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably. The following specific policies are applied to particular categories of income.

##### ***Donations and legacies***

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Legacy income is recognised when receipt is probable and entitlement is established.

##### ***Deferred income***

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

##### ***Donated services and facilities***

Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.

##### ***Investment income***

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

##### ***Other income***

Income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.



## **North East Law Centre**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

#### **2 Accounting policies (continued)**

##### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

##### **Charitable activities**

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

##### **Other expenditure**

Support costs have been differentiated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit and other costs with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned as set out in the Support Costs note.

##### **Support costs**

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

##### **Governance costs**

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

##### **Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### **Tangible fixed assets**

Individual fixed assets costing £500.00 or more are initially recorded at cost.

# North East Law Centre

## Notes to the Financial Statements for the Year Ended 31 March 2019

### 2 Accounting policies (continued)

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Office and computer equipment	20% straight line

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

#### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Other creditors includes amounts owed to other organisations as a result of the North East Law Centre being the lead partner in an agreement in place with the Big Lottery. The Big Lottery pay the full fund amount to the North East Law Centre who is then invoiced by the other partners to the agreement prior to the law centre paying over their share of the funding.

#### Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 2 Accounting policies (continued)

##### Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

##### Pensions and other post retirement obligations

North East Law Centre staff participate in the Tyne and Wear Pension Fund. This is a multi-employer defined benefit scheme. There are current active members but sadly the scheme is closed to new members as a measure of financial prudence.

The scheme is accounted for as a defined contribution scheme as the future service accrual contribution rate is assessed on "grouped basis" and therefore it is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the scheme the charge to the financial activities for the period under FRS 102 represents the employer contributions payable for the current year.

The 'past payment deficiency' payments, which are set out by the scheme actuary, are charged to the SoFA (as there is a constructive obligation) and the liability is recognised on the balance sheet in amounts falling due less and greater than one year.

Where material, the liability due in more than one year is adjusted to its net present value.

#### 3 Income from donations and legacies

	Unrestricted funds		
	General	Total	Total
	£	2019	2018
		£	£
Regular giving and capital donations	2,265	2,265	572

#### 4 Income from charitable activities

	Unrestricted funds			
	General	Restricted funds	Total	Total
	£	£	2019	2018
			£	£
Paid for legal advice	45,156	-	45,156	13,132
Grants	20,258	226,979	247,237	305,538
Other income	10,355	-	10,355	5,178
	<u>75,769</u>	<u>226,979</u>	<u>302,748</u>	<u>323,848</u>

## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 5 Investment income

	Unrestricted funds	Total 2019	Total 2018
	General £	£	£
Interest receivable on bank deposits	340	340	284

#### 6 Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	General £	£	£	£
Charitable activities	102,344	173,551	275,895	210,909
Support costs	41,510	38,069	79,579	75,172
	<u>143,854</u>	<u>211,620</u>	<u>355,474</u>	<u>286,081</u>
	Activity undertaken directly	Activity support costs	Total 2019	Total 2018
	£	£	£	£
Charitable activities	275,895	76,879	352,774	283,381
Governance costs	-	2,700	2,700	2,700
	<u>275,895</u>	<u>79,579</u>	<u>355,474</u>	<u>286,081</u>

## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 7 Analysis of governance and support costs

##### Charitable activities expenditure

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	General £	£	£	£
Premises	8,414	14,398	22,812	21,743
Equipment leasing	1,436	-	1,436	3,663
Depreciation	-	-	-	1,208
Project specific costs and IT costs	9,237	800	10,037	16,288
Bank charges	289	-	289	161
Other support costs	380	21,187	21,567	23,202
Legal, professional and consultancy costs	19,054	1,684	20,738	6,207
Independent examiners fees	2,700	-	2,700	2,700
	<u>41,510</u>	<u>38,069</u>	<u>79,579</u>	<u>75,172</u>

The charity allocates costs directly to activities as far as possible, then identifies the remaining costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken in the year.

##### Governance costs

	Unrestricted funds	Total 2019	Total 2018
	General £	£	£
Independent examiner fees			
Examination of the financial statements	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>
	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>

## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 8 Net incoming/outgoing resources

Net (outgoing)/incoming resources for the year include:

	2019 £	2018 £
Operating leases - other assets	1,094	3,163
Depreciation of fixed assets	-	1,208

#### 9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses from the charity during the year.

#### 10 Staff costs

The aggregate payroll costs were as follows:

	2019 £	2018 £
<b>Staff costs during the year were:</b>		
Wages and salaries	228,526	160,326
Social security costs	13,643	8,082
Pension costs	14,008	20,371
	<u>256,177</u>	<u>188,779</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2019 No	2018 No
Employees	<u>13</u>	<u>11</u>

Contributions to the employee pension schemes for the year totalled £14,008 (2018 - £9,279).

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the charity were £97,470 (2018 - £88,932).

## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 11 Independent examiner's remuneration

	2019 £	2018 £
Examination of the financial statements	<u>2,700</u>	<u>2,700</u>

#### 12 Taxation

The charity is a registered charity and is therefore exempt from taxation.

#### 13 Tangible fixed assets

	Furniture and equipment £	Total £
<b>Cost</b>		
At 1 April 2018	<u>7,555</u>	<u>7,555</u>
At 31 March 2019	<u>7,555</u>	<u>7,555</u>
<b>Depreciation</b>		
At 1 April 2018	<u>7,555</u>	<u>7,555</u>
At 31 March 2019	<u>7,555</u>	<u>7,555</u>
<b>Net book value</b>		
At 31 March 2019	<u>-</u>	<u>-</u>
At 31 March 2018	<u>-</u>	<u>-</u>

## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 14 Debtors

	2019 £	2018 £
Trade debtors	26,039	4,366
Prepayments	10,451	7,108
Accrued income	-	13,475
	<u>36,490</u>	<u>24,949</u>

#### 15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	3,676	8,603
Other taxation and social security	-	419
Other creditors	33,682	26,068
Accruals	2,857	4,832
Deferred income	8,565	8,667
	<u>48,780</u>	<u>48,589</u>

Other creditors includes £13,000 (2018 - £12,600) payable in respect of deficit payments to be made to the defined pension scheme.

Other creditors also includes £19,536 (2018 - £13,297) payable to other partners subject to a funding agreement for which North East Law Centre is acting as agent. The total amount received as agent and subsequently not reflected in the accounts totalled £52,305 (2018 - £67,359). Of this £46,066 (2018 - £51,258) was paid over to the respective partners.

	2019 £	2018 £
Deferred income at 1 April 2018	8,667	-
Resources deferred in the period	8,565	(8,667)
Amounts released from previous periods	(8,667)	-
Deferred income at year end	<u>8,565</u>	<u>(8,667)</u>

#### 16 Creditors: amounts falling due after one year

	2019 £	2018 £
Other creditors	-	13,000



## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 17 Obligations under leases and hire purchase contracts

##### Operating lease commitments

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

	2019 £	2018 £
<b>Land and buildings</b>		
Within one year	10,731	14,308
Between one and five years	-	10,731
	<u>10,731</u>	<u>25,039</u>
<b>Other</b>		
Within one year	274	1,195
Between one and five years	-	274
	<u>274</u>	<u>1,469</u>

#### 18 Pension and other schemes

##### Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £14,008 (2018 - £20,371).

Contributions totalling £1,146 (2018 - £170) were payable to the scheme at the end of the year and are included in creditors.

##### Defined benefit pension schemes

###### Tyne and Wear Pension Fund

North East Law Centre staff participated in the Tyne and Wear Pension Fund. This is a multi-employer defined benefit scheme.

The scheme is accounted for as a defined contribution scheme as the future service accrual contribution rate is assessed on a "grouped basis" and therefore it is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the scheme the charge to the financial activities for the period under FRS 102 represents the employer contributions payable for the current year.

## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 18 Pension and other schemes (continued)

The 'past payment deficiency' payments, which are set out by the scheme actuary, are charged to the SoFA (as there is a constructive obligation) and the liability is recognised on the balance sheet in amounts falling due less and greater than one year.

Pension contributions payable, in respect of the past payment deficiencies, for the years to 31 March 2020 amounted to £37,700 as part of the agreement entered into by the charity during March 2017.

At the year end £13,000 (2018 - £25,600) was outstanding, all due within one year.

There is an agreement in place with Newcastle City Council which guarantees they will pay any deficit that may arise on termination of the pension scheme.

#### 19 Funds

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Balance at 31 March 2019 £
<b>Unrestricted funds</b>				
<i>General</i>				
General funds	76,642	78,374	(143,854)	11,162
<b>Restricted funds</b>				
Lloyds Bank Foundation	4,209	24,000	(26,209)	2,000
Local Authority Grant	-	33,665	(33,665)	-
A B Charitable Trust	15,000	-	(7,500)	7,500
Awards for All	-	9,600	-	9,600
Police Crime Commissioner for Northumbria	-	40,350	(40,350)	-
Big Lottery	28,360	51,494	(49,166)	30,688
Sir James Knott	5,000	-	(5,000)	-
British Red Cross	-	26,250	(15,563)	10,687
Legal Education Foundation	-	14,906	(7,453)	7,453
NEFlows Project	-	26,714	(26,714)	-
<b>Total restricted funds</b>	<u>52,569</u>	<u>226,979</u>	<u>(211,620)</u>	<u>67,928</u>
<b>Total funds</b>	<u>129,211</u>	<u>305,353</u>	<u>(355,474)</u>	<u>79,090</u>

## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 19 Funds (continued)

The specific purposes for which the funds are to be applied are as follows:

Unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds, where the trustees, at their discretion, have created a fund for specific purpose.

The basis for calculating 'free reserves' are after allowing for all designated funds, fixed assets and other non-current assets and liabilities.

Lloyds Bank Foundation is monies towards the salary cost of the immigration and asylum solicitor.

Local Authority Grant is monies received from Newcastle Council to provide the access to justice project to 2020.

A B Charitable Trust is monies for the legal buddy system for asylum claims and appeals.

Awards for all funding - On average we receive 5 queries per day from people who we are unable to assist. In many cases these individuals have exhausted other avenues and signposting is often unhelpful. With this funding, we will be able to direct them to our own tailored resources and self-help guides which they can refer to as often as needed. Individuals have asked if we offer these kind of guides, Awards for all funding will enable us to develop the guides and our website.

Police and Crime Commissioner Northumbria Supporting Victims Funding is specifically targeted at victims of crime. Victims are given access to our advice and support services in the relevant areas of law.

Big Lottery is monies to run the 'Up a height' - support for families in crisis project.

Sir James Knottis is monies to support Advice provision in the Sunderland area.

British Red Cross is monies to deliver the Families Together Programme.

Legal Education Foundation is monies towards the salary costs of a trainee solicitor and supervision under The Fellowship Scheme.

NEFlows Project is monies for the delivery of the FLOWS legal advice and support.

#### 20 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	General £	£	£
Net current assets/(liabilities)	<u>11,162</u>	<u>67,928</u>	<u>79,090</u>

## North East Law Centre

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 20 Analysis of net assets between funds (continued)

	Unrestricted funds		Total funds at 31 March 2018
	General £	Restricted funds £	£
Net current assets/(liabilities)	89,642	52,569	142,211
Creditors over 1 year	(13,000)	-	(13,000)
Total net assets	<u>76,642</u>	<u>52,569</u>	<u>129,211</u>

#### 21 Analysis of net funds

	At 1 April 2018 £	Cash flow £	At 31 March 2019 £
Cash at bank and in hand	165,851	(74,471)	91,380
Net debt	<u>165,851</u>	<u>(74,471)</u>	<u>91,380</u>

	At 1 April 2017 £	Cash flow £	At 31 March 2018 £
Cash at bank and in hand	132,517	33,334	165,851
Net debt	<u>132,517</u>	<u>33,334</u>	<u>165,851</u>

#### 22 Related party transactions

There were no related party transactions in the year.