

REGISTERED COMPANY NUMBER: 02662363 (England and Wales)
REGISTERED CHARITY NUMBER: 1016171

HACKNEY COMMUNITY LAW CENTRE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Berringers LLP
Chartered Accountants
and Statutory Auditors
Lygon House
50 London Road
Bromley
Kent
BR1 3RA

HACKNEY COMMUNITY LAW CENTRE

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for the year ended 31 March 2022**

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HACKNEY COMMUNITY LAW CENTRE

**REFERENCE AND ADMINISTRATIVE DETAILS
for the year ended 31 March 2022**

| | |
|----------------------------------|--|
| TRUSTEES | I Rathbone V A McAllister Ms H A A Ojo Cllr D Oguzkanli T H G Stoate I J Browne Ms A S Holt |
| COMPANY SECRETARY | S Canning |
| REGISTERED OFFICE | 8 Lower Clapton Road Hackney London E5 0PD |
| REGISTERED COMPANY NUMBER | 02662363 (England and Wales) |
| REGISTERED CHARITY NUMBER | 1016171 |
| AUDITORS | Berringers LLP Chartered Accountants and Statutory Auditors Lygon House 50 London Road Bromley Kent BR1 3RA |

HACKNEY COMMUNITY LAW CENTRE

REPORT OF THE TRUSTEES for the year ended 31 March 2022

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The charity's objects and its principal activity continues to be that of providing free accessible legal advice and representation to the local community in the London Borough of Hackney. The charity has the general aim of improving the quality of life for Hackney residents and those in the wider area who are on low incomes by working towards its principal activity, and improving rights and access of those rights by the wider community.

The strategies employed to achieve the charity's objectives are to:

- (i) Target communities of need for social welfare law advice with high quality specialist services of salaried staff and volunteers;
- (ii) Encourage participation in governance of the law centre by local residents;
- (iii) Where possible to bring test cases that are capable of bringing about widespread changes to residents' rights;
- (iv) Improving residents' knowledge of their rights through education and policy work.

Development, activities and achievements this year

The ongoing impact of the Covid-19 threat meant that the Law Centre had to operate remote working for staff and suspend face to face services for most of the year. Access to legal advice was transacted through our daily telephone advice service and appointments only.

Overall, during the pandemic caseworkers at the Law Centre helped over 3,000 people and opened over 1,000 new cases in the areas of housing, immigration, employment, and welfare benefits. In addition, our daily telephone help line provided immediate practical advice and information in all general areas of law.

We continued to deliver advice services in collaboration with our Hackney Advice Network partners and Hackney Council ensuring that residents were able to access specialist legal advice. Our social welfare team have been providing advice and support to vulnerable families and households in Hackney supported by the National Lottery Reaching Communities Fund.

At the time of writing the impact of Covid-19 continues to pose significant public health challenges to our community.

Future developments

Building on existing achievements the Law Centre hopes to achieve the following:

- * Continue to adapt its advice provision to ensure safe access as the Covid threat recedes, including a mix of face to face and remote appointments
- * Expand its housing advice service building on its work with Waltham Forest Advice Hub
- * Build on its partnership with Hackney Advice Network
- * To seek and attract new sources of funding

Public benefit

The trustees consider that the objectives and aims of the charity described above, enable it to meet its obligations to the Charity Commission to deliver aid and assistance to the local community in Hackney.

HACKNEY COMMUNITY LAW CENTRE

REPORT OF THE TRUSTEES for the year ended 31 March 2022

FINANCIAL REVIEW

The principal funding source of the Law Centre continues to be the London Borough of Hackney and the Legal Aid Agency. We acknowledge with gratitude the generosity of those who give grant funding to the Law Centre including the Trust for London, and the National Lottery Fund.

We also receive donations from city law firms which help to support volunteer legal surgeries at the Law Centre.

The Law Centre has continued efforts to secure funds and develop projects such as expanding access to justice for people from BME communities and tackling problems associated with youth homelessness. Professional legal services provided by salaried staff, and volunteer services and community work has been maintained.

The Centre's gross income was lower this year at £622,334 against £872,845 whilst expenditure increased minimally to £530,001 from £509,000. This resulted in a decrease in net incoming resources of £92,333 against £363,845 for the previous year. At the year end, restricted funds amount to £Nil (2021: £Nil), whilst unrestricted funds, which were £580,906 at the previous year's end, after transferring to £300,000 designated funds, have decreased to a balance of £373,239. With designated funds of £800,000 this makes the total unrestricted funds of £1,173,239.

There has been a significant change to the operation of the Contract with the Legal Services Agency(LAA). Payments under the contract are now paid in arrears, leaving the Centre with a significant sum shown as work in progress in the accounts. This has left a new challenge in managing cash flow, which has been met admirably and remains a high management priority.

Reserves policy

The Trustees have agreed to maintain a level of reserves equivalent to at least six months operating costs in order to plan for any shortfalls or reductions in funding during the year, excluding designated funds. Current reserves at 31 March 2022 were £373,239. Designated funds were increased to £800,000.

FUTURE PLANS

The Directors and Trustees aim to secure stability of the Law Centre in order that services to the local community can be maintained and where possible improved upon.

The impact of Covid-19 poses significant challenges for the organisation in the next two years. We face a reduction in grant funding from March 2022 as current grant streams from the Trust for London, National Lottery Fund and Hackney Council come to an end.

The Law Centre continues to maintain improvements in efficiency to maximising legal aid as a source of revenue including ensuring that we maintain compliance with the LAA's Client and Cost Management System (CCMS) for all certificated work.

Following the implementation of data protection changes as result of the General Data Protection Regulation (GDPR) the Law Centre has reviewed and updated its data protection procedures across all areas of the business to maintain compliance with Lexcel and Charity Commission requirements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The company is a charity and is limited by guarantee, and not having a share capital, each member undertakes to contribute a sum not exceeding £1 in the event of the company being wound up. The company is bound by its memorandum and articles of association.

HACKNEY COMMUNITY LAW CENTRE

REPORT OF THE TRUSTEES for the year ended 31 March 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The company is controlled by a board of directors (trustees) who are independent and receive no remuneration for their involvement. Day to day management is delegated to the Manager, Sean Canning.

The Directors and Trustees of the Law Centre carry out an Annual Review of the Law Centre's service, provision, finances and strategic approach in the course of approving the Law Centre's three-year rolling Business Plan.

An aspect of this is the consideration of the challenges and risks that the Law Centre will be facing and the strategies which are appropriate in order to mitigate those risks.

Systems and procedures are established to limit identified risks and to minimise any potential impact on the Charity should any of those risks materialise.

The Trustees also considered ongoing risks and the systems and procedures in place to mitigate them. Consideration of the risk of legal action focused on showing that adequate systems were in place to ensure that advice and legal work provided by the Law Centre met criteria laid down by the Law Society Lexcel Practice Management Standards and LAA to ensure good quality service delivery and sound management systems. Procedures are also in place to ensure compliance with service level agreements with other funders including London Borough of Hackney and the LAA. Professional indemnity cover is now in line with LAA's requirements to £2,000,000 per case.

A review of the office insurance and management systems was also considered and monitored on an ongoing basis to :-

a) minimise detrimental financial impact due to accidents or other unforeseen events such as theft, fire, flood or loss of data and;

b) find best value for money.

Financial monitoring systems are monitored regularly both internally and externally. Regular weekly checks by staff and monthly reports to Directors and Trustees minimise unforeseen financial contingencies. External auditing and monitoring by an independent auditor, the London Borough of Hackney Grants Officer, and the requirements of the Solicitors Regulation Authority (SRA), the LAA and Charities Commission provide external checks.

Induction and training of new trustees

New Trustees undergo an orientation day to brief them on the legal obligations under charity and company law, the constitutional documents, decision making processes, business planning and financial procedures and performance.

Key management remuneration

| | | |
|-------------------------------------|---------------|---------------|
| | 2022 | 2021 |
| | £ | £ |
| Key management compensation in year | <u>97,703</u> | <u>92,740</u> |

HACKNEY COMMUNITY LAW CENTRE

REPORT OF THE TRUSTEES for the year ended 31 March 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The Trustees have a duty to identify and review the risks to which the Charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Trustees are satisfied that strategic planning, careful consideration by the Directors of the financial results, variance from budgets and reviews of substantive casework, together with an effective complaints systems and the appropriate delegation of authority to staff, minimises the identified risks.

Acknowledgement of the risks involves consideration of the type of risks that the Law Centre might face, the level of risks which are regarded as acceptable, the likelihood of the risks materialising and the Law Centre's ability to reduce the incidence of business risks that do materialise on the one hand and the costs of averting the materialisation of those risks on the other.

The primary risk that the project faces is financial, due to continued cuts or withdrawal of funding from either of our two major funders, the London Borough of Hackney or the funding provided by the Legal Aid Agency. To mitigate this, the trustees have set up two designated funds to maintain reserves. The property fund was significantly increased to mitigate the risk of losing the current premises.

Through prudence and good financial management, we have managed to accumulate reserves to help us to put the law centre on a longer term firm financial footing. Prior to the pandemic we explored through purchasing via part-mortgaging, our own premises, close to the administrative centre of Hackney where many of our clients have to go to deal with their housing and benefits situations. We continue to explore potential options given the constraints of the property market.

Like many of our clients, we too are subject to the burgeoning property market that has grown in Hackney in recent years, leading to inflated property prices and rents.

As we continue to explore the property market situation, we have decided to keep the funds as a property fund. Should we ever decide to take an alternative route and move to new rented premises, we would have to use some of these funds to supplement payment of any rent. At present we have not had to pay rent through a negotiated settlement more than 20 years ago with Hackney Council regarding our current premises.

We are very aware of the need to be responsible for the particular survival of the law centre as the place where those in Hackney who are poor and vulnerable and seeking access to justice can find that aspiration fulfilled.

The effects of changes in how public funding of legal services are financed are also considered at length and in depth with respect to how this may affect a) total funding b) funding patterns (cashflow).

Reserves

To ensure the future sustainability of the organisation within the context of ongoing global pandemic challenges trustees are committed to ensuring that we maintain an appropriate level of reserves based on twelve months' running costs.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

HACKNEY COMMUNITY LAW CENTRE

REPORT OF THE TRUSTEES
for the year ended 31 March 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Berringers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 01.08.22..... and signed on its behalf by:



.....
V A McAllister - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HACKNEY COMMUNITY LAW CENTRE

Opinion

We have audited the financial statements of Hackney Community Law Centre (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Report of the independent auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the trustees has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HACKNEY COMMUNITY LAW CENTRE

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report or in preparing the Report of the trustees.

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the independent auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and error, we considered the following:

- the nature of the industry, control environment and business performance;
- results of our enquiries to management about their own assessment of the risks of fraud and error;
- the matters discussed among the audit engagement team regarding how and where fraud may occur in the financial statements and any potential indicators of fraud.

Our procedures to respond to risk include the following:

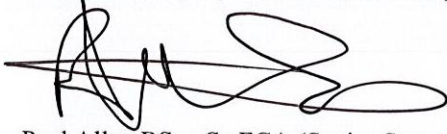
- reviewing the financial statement disclosures and testing to supporting documentation;
- performing analytical procedures to identify any unusual or unexpected areas that may indicate risks of material misstatement due to fraud or error;
- addressing the risk of fraud and error through management override of controls, testing the appropriateness of journals, assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HACKNEY COMMUNITY LAW CENTRE**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Allan BSoc Sc FCA (Senior Statutory Auditor)
for and on behalf of Berringers LLP
Chartered Accountants
and Statutory Auditors
Lygon House
50 London Road
Bromley
Kent
BR1 3RA

Date: 1/9/2022

HACKNEY COMMUNITY LAW CENTRE

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2022

| | Notes | Unrestricted fund £ | Designated funds £ | Restricted funds £ | 2022 Total funds £ | 2021 Total funds £ |
|--|-------|---------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | | |
| Donations and legacies | 2 | 13,798 | - | - | 13,798 | 22,405 |
| Charitable activities | | | | | | |
| Provision of legal services and advice | 4 | 438,140 | - | 169,776 | 607,916 | 849,294 |
| Investment income | 3 | 620 | - | - | 620 | 1,146 |
| Total | | 452,558 | - | 169,776 | 622,334 | 872,845 |
| EXPENDITURE ON | | | | | | |
| Raising funds | 5 | 500 | - | - | 500 | 50 |
| Charitable activities | | | | | | |
| Provision of legal services and advice | 6 | 359,725 | - | 169,776 | 529,501 | 508,950 |
| Total | | 360,225 | - | 169,776 | 530,001 | 509,000 |
| NET INCOME | | 92,333 | - | - | 92,333 | 363,845 |
| Transfers between funds | 15 | (300,000) | 300,000 | - | - | - |
| Net movement in funds | | (207,667) | 300,000 | - | 92,333 | 363,845 |
| RECONCILIATION OF FUNDS | | | | | | |
| Total funds brought forward | | 580,906 | 500,000 | - | 1,080,906 | 717,061 |
| TOTAL FUNDS CARRIED FORWARD | | 373,239 | 800,000 | - | 1,173,239 | 1,080,906 |

The notes form part of these financial statements

HACKNEY COMMUNITY LAW CENTRE

BALANCE SHEET
31 March 2022

| | Notes | Unrestricted fund £ | Designated funds £ | Restricted funds £ | 2022 Total funds £ | 2021 Total funds £ |
|--|-------|---------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | | | | |
| Tangible assets | 11 | 8,529 | - | - | 8,529 | 11,811 |
| CURRENT ASSETS | | | | | | |
| Work in progress | 12 | 40,996 | 100,000 | - | 140,996 | 197,774 |
| Debtors | 13 | 306,746 | - | - | 306,746 | 90,471 |
| Cash at bank | | 79,265 | 700,000 | - | 779,265 | 802,859 |
| | | <u>427,007</u> | <u>800,000</u> | - | <u>1,227,007</u> | <u>1,091,104</u> |
| CREDITORS | | | | | | |
| Amounts falling due within one year | 14 | (62,297) | - | - | (62,297) | (22,009) |
| NET CURRENT ASSETS | | <u>364,710</u> | <u>800,000</u> | - | <u>1,164,710</u> | <u>1,069,095</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>373,239</u> | <u>800,000</u> | - | <u>1,173,239</u> | <u>1,080,906</u> |
| NET ASSETS | | <u>373,239</u> | <u>800,000</u> | - | <u>1,173,239</u> | <u>1,080,906</u> |
| FUNDS | 15 | | | | | |
| Unrestricted funds | | | | | <u>1,173,239</u> | <u>1,080,906</u> |
| TOTAL FUNDS | | | | | <u>1,173,239</u> | <u>1,080,906</u> |

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

The financial statements were approved by the Board of Trustees and authorised for issue on 1.8.2022 and were signed on its behalf by:



V A McAllister - Trustee

HACKNEY COMMUNITY LAW CENTRE

CASH FLOW STATEMENT
for the year ended 31 March 2022

| | Notes | 2022 £ | 2021 £ |
|---|-------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | <u>(24,214)</u> | <u>342,104</u> |
| Net cash (used in)/provided by operating activities | | <u>(24,214)</u> | <u>342,104</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | - | (11,665) |
| Interest received | | <u>620</u> | <u>1,146</u> |
| Net cash provided by/(used in) investing activities | | <u>620</u> | <u>(10,519)</u> |
| Change in cash and cash equivalents in the reporting period | | | |
| Cash and cash equivalents at the beginning of the reporting period | | <u>(23,594)</u> | <u>331,585</u> |
| | | <u>802,859</u> | <u>471,274</u> |
| Cash and cash equivalents at the end of the reporting period | | <u><u>779,265</u></u> | <u><u>802,859</u></u> |

The notes form part of these financial statements

HACKNEY COMMUNITY LAW CENTRE

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 March 2022

| 1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES | 2022 | 2021 |
|---|-----------------|----------------|
| | £ | £ |
| Net income for the reporting period (as per the Statement of financial activities) | 92,333 | 363,845 |
| Adjustments for: | | |
| Depreciation charges | 3,282 | 3,378 |
| Interest received | (620) | (1,146) |
| Decrease/(increase) in work in progress | 56,778 | (40,383) |
| (Increase)/decrease in debtors | (216,275) | 23,171 |
| Increase/(decrease) in creditors | 40,288 | (6,761) |
| Net cash (used in)/provided by operations | (24,214) | 342,104 |

2. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.4.21 | Cash flow | At 31.3.22 |
|-----------------|----------------|-----------------|----------------|
| | £ | £ | £ |
| Net cash | | | |
| Cash at bank | 802,859 | (23,594) | 779,265 |
| | <u>802,859</u> | <u>(23,594)</u> | <u>779,265</u> |
| Total | <u>802,859</u> | <u>(23,594)</u> | <u>779,265</u> |

HACKNEY COMMUNITY LAW CENTRE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2022

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions under the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings - 25% on reducing balance and 20% on cost

Work in progress

Work in progress is valued at the rate it is expected to be received.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

HACKNEY COMMUNITY LAW CENTRE

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2022

| | | | |
|---|--|----------------|----------------|
| 2. DONATIONS AND LEGACIES | | 2022 | 2021 |
| | | £ | £ |
| Donations | | <u>13,798</u> | <u>22,405</u> |
| 3. INVESTMENT INCOME | | 2022 | 2021 |
| | | £ | £ |
| Deposit account interest | | <u>620</u> | <u>1,146</u> |
| 4. INCOME FROM CHARITABLE ACTIVITIES | | 2022 | 2021 |
| | | £ | £ |
| Legal Aid & Costs | Activity | | |
| Recovered | Provision of legal services and advice | <u>323,140</u> | <u>440,670</u> |
| Grants | Provision of legal services and advice | <u>284,776</u> | <u>408,624</u> |
| | | <u>607,916</u> | <u>849,294</u> |
| Grants received, included in the above, are as follows: | | | |
| | | 2022 | 2021 |
| | | £ | £ |
| Trust for London | | <u>38,500</u> | <u>38,500</u> |
| Hackney Parochial Charities | | <u>30,000</u> | <u>-</u> |
| London Borough of Hackney | | <u>115,000</u> | <u>115,000</u> |
| National Lottery Fund (Reaching Communities) | | <u>101,276</u> | <u>110,924</u> |
| Law Centres Network | | <u>-</u> | <u>140,000</u> |
| Access to Justice Foundation | | <u>-</u> | <u>4,200</u> |
| | | <u>284,776</u> | <u>408,624</u> |
| 5. RAISING FUNDS | | 2022 | 2021 |
| | | £ | £ |
| Raising donations and legacies | | | |
| Website costs | | <u>500</u> | <u>50</u> |

HACKNEY COMMUNITY LAW CENTRE

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2022

6. CHARITABLE ACTIVITIES COSTS

| | 2022 | 2021 |
|---------------------|----------------|----------------|
| | £ | £ |
| Staff costs | 446,359 | 416,953 |
| Accommodation costs | 23,528 | 23,666 |
| Other support costs | 55,614 | 64,331 |
| | <u>525,501</u> | <u>504,950</u> |

7. SUPPORT COSTS

| | 2022 | 2021 |
|---|----------------------|---------------------------------------|
| | £ | £ |
| Provision of legal services and advice | | Governance costs £ <u>4,000</u> |
| Other | | |
| | Support costs | Total activities |
| Practicing certificates | 2,454 | 2,107 |
| Staff welfare | 2,031 | 1,955 |
| Telephone | 6,783 | 10,487 |
| Postage, printing, stationery & publicity | 9,318 | 8,845 |
| Travelling & volunteers' expenses | - | 78 |
| Computer accessories, software & support | 9,749 | 12,466 |
| Professional subscriptions, course fees & library | 9,911 | 10,060 |
| Accountancy | 3,500 | 3,500 |
| Miscellaneous expenses | 4,489 | 5,229 |
| Recruitment & training | 4,097 | 3,538 |
| Legal & professional fees | - | 2,688 |
| Depreciation of fixtures & fittings | 3,282 | 3,378 |
| | <u>55,614</u> | <u>64,331</u> |

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

| | 2022 | 2021 |
|-----------------------------|--------------|--------------|
| | £ | £ |
| Auditors' remuneration | 4,000 | 4,000 |
| Depreciation - owned assets | 3,282 | 3,378 |
| | <u>7,282</u> | <u>7,378</u> |

HACKNEY COMMUNITY LAW CENTRE

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2022

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2022 nor for the year ended 31 March 2021.

10. STAFF COSTS

| | 2022 | 2021 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 387,646 | 364,530 |
| Social security costs | 36,628 | 33,520 |
| Other pension costs | 22,085 | 18,903 |
| | <u>446,359</u> | <u>416,953</u> |

The average monthly number of employees during the year was as follows:

| | 2022 | 2021 |
|----------------|-----------|-----------|
| Legal Advisors | 8 | 8 |
| Administrative | 3 | 3 |
| | <u>11</u> | <u>11</u> |

No employees received emoluments in excess of £60,000.

11. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ |
|-----------------------------------|----------------------------------|
| COST | |
| At 1 April 2021 and 31 March 2022 | <u>75,971</u> |
| DEPRECIATION | |
| At 1 April 2021 | 64,160 |
| Charge for year | 3,282 |
| At 31 March 2022 | <u>67,442</u> |
| NET BOOK VALUE | |
| At 31 March 2022 | <u>8,529</u> |
| At 31 March 2021 | <u>11,811</u> |

HACKNEY COMMUNITY LAW CENTRE

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2022

12. WORK IN PROGRESS

| | 2022 | 2021 |
|------------------|----------------|----------------|
| | £ | £ |
| Work in Progress | <u>140,996</u> | <u>197,774</u> |

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 | 2021 |
|---------------|----------------|---------------|
| | £ | £ |
| Trade debtors | 290,117 | 80,960 |
| Prepayments | 16,629 | 9,511 |
| | <u>306,746</u> | <u>90,471</u> |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 | 2021 |
|------------------|---------------|---------------|
| | £ | £ |
| Trade creditors | 27,193 | 6,547 |
| VAT | 26,894 | 8,253 |
| Other creditors | 450 | 69 |
| Accrued expenses | 7,760 | 7,140 |
| | <u>62,297</u> | <u>22,009</u> |

15. MOVEMENT IN FUNDS

| | At 1.4.21 | Net movement in funds | Transfers between funds | At 31.3.22 |
|---------------------------|------------------|-----------------------|-------------------------|------------------|
| | £ | £ | £ | £ |
| Unrestricted funds | | | | |
| General fund | 580,906 | 92,333 | (300,000) | 373,239 |
| Staff contingency fund | 100,000 | - | - | 100,000 |
| Premises fund | 400,000 | - | 300,000 | 700,000 |
| | <u>1,080,906</u> | <u>92,333</u> | <u>-</u> | <u>1,173,239</u> |
| TOTAL FUNDS | <u>1,080,906</u> | <u>92,333</u> | <u>-</u> | <u>1,173,239</u> |

HACKNEY COMMUNITY LAW CENTRE

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2022

15. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|---|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 452,558 | (360,225) | 92,333 |
| Restricted funds | | | |
| Hackney Parochial Council | 30,000 | (30,000) | - |
| Trust for London | 38,500 | (38,500) | - |
| National Lottery Fund (Reaching Communities) | 101,276 | (101,276) | - |
| | <u>169,776</u> | <u>(169,776)</u> | <u>-</u> |
| TOTAL FUNDS | <u>622,334</u> | <u>(530,001)</u> | <u>92,333</u> |

Comparatives for movement in funds

| | At 1.4.20 £ | Net movement in funds £ | Transfers between funds £ | At 31.3.21 £ |
|---------------------------|----------------|----------------------------------|------------------------------------|--------------------|
| Unrestricted funds | | | | |
| General fund | 252,061 | 378,845 | (50,000) | 580,906 |
| Staff contingency fund | 100,000 | - | - | 100,000 |
| Premises fund | 350,000 | - | 50,000 | 400,000 |
| | <u>702,061</u> | <u>378,845</u> | <u>-</u> | <u>1,080,906</u> |
| Restricted funds | | | | |
| Hackney Parochial Council | 15,000 | (15,000) | - | - |
| TOTAL FUNDS | <u>717,061</u> | <u>363,845</u> | <u>-</u> | <u>1,080,906</u> |

HACKNEY COMMUNITY LAW CENTRE

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2022

15. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|--|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 579,221 | (200,376) | 378,845 |
| Restricted funds | | | |
| Hackney Parochial Council | - | (15,000) | (15,000) |
| Trust for London | 38,500 | (38,500) | - |
| National Lottery Fund (Reaching Communities) | 110,924 | (110,924) | - |
| LCN Justice Fund for Covid-19 Specialist Services | 140,000 | (140,000) | - |
| Funder Plus Scheme & Covid-19 Response | 4,200 | (4,200) | - |
| | <u>293,624</u> | <u>(308,624)</u> | <u>(15,000)</u> |
| TOTAL FUNDS | <u>872,845</u> | <u>(509,000)</u> | <u>363,845</u> |

Trust for London. Trust for London funded the grant for Employment service.

Hackney Parochial Charities. The grant funded by the Hackney Parochial Charities was to support core funding.

Reaching Communities. This was funded by National Lottery Fund to offer specialist housing and welfare benefits services.

Transfers between funds

Funds have been transferred from the General fund to the designated Premises Fund as referred to in the Report of the Trustees.

16. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2022.

HACKNEY COMMUNITY LAW CENTRE

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2022

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| INCOME AND ENDOWMENTS | | |
| Donations and legacies | | |
| Donations | 13,798 | 22,405 |
| Investment income | | |
| Deposit account interest | 620 | 1,146 |
| Charitable activities | | |
| Legal Aid & Costs Recovered | 323,140 | 440,670 |
| Grants | 284,776 | 408,624 |
| | <u>607,916</u> | <u>849,294</u> |
| Total incoming resources | 622,334 | 872,845 |
| EXPENDITURE | | |
| Raising donations and legacies | | |
| Website costs | 500 | 50 |
| Charitable activities | | |
| Wages & locums | 387,646 | 364,530 |
| Social security | 36,628 | 33,520 |
| Pensions | 22,085 | 18,903 |
| Rates and water | 4,557 | 4,557 |
| Insurance | 4,966 | 5,755 |
| Light and heat | 3,142 | 2,184 |
| Repairs, renewals & maintenance | 10,863 | 11,170 |
| Practicing certificates | 2,454 | 2,107 |
| Staff welfare | 2,031 | 1,955 |
| Telephone | 6,783 | 10,487 |
| Postage, printing, stationery & publicity | 9,318 | 8,845 |
| Travelling & volunteers' expenses | - | 78 |
| Computer accessories, software & support | 9,749 | 12,466 |
| Professional subscriptions, course fees & library | 9,911 | 10,060 |
| Accountancy | 3,500 | 3,500 |
| Miscellaneous expenses | 4,489 | 5,229 |
| Recruitment & training | 4,097 | 3,538 |
| Legal & professional fees | - | 2,688 |
| Depreciation of fixtures & fittings | 3,282 | 3,378 |
| | <u>525,501</u> | <u>504,950</u> |
| Support costs | | |
| Governance costs | | |
| Auditors' remuneration | 4,000 | 4,000 |
| Total resources expended | 530,001 | 509,000 |
| Net income | 92,333 | 363,845 |

This page does not form part of the statutory financial statements