

SOUTHWARK LAW CENTRE LIMITED

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006**

Registered Charity number: 277927

Company No: 1418763 (England & Wales)



**SOUTHWARK LAW CENTRE LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006**

CONTENTS

Pages	1	Company Information
	2 - 4	Report of the Directors
	5	Statement of Directors' Responsibilities
	6	Auditors' Report
	7	Statement of Financial Activities
	8	Balance Sheet
	9 - 12	Notes to the Accounts

The following page does not form part of the statutory accounts.

13	Detailed summary of Expenditure on Charitable Activities
----	--

SOUTHWARK LAW CENTRE LIMITED

(Registered Charity No. 277927)

Company No. 1418763 (England & Wales)

(Limited by Guarantee)

Address:	Hanover Park House 14/16 Hanover Park Peckham London SE15 5HF
Management Committee:	Peter Cather Marilyn Jones Richard Palmer Alan Davis Hussain Malik Tonya Richards-Clarke Charles Joseph Sandra Hesketh Trevor Precious Bolton Samuel Elizabeth Alford Angus King Colin Yeo Michael Stephen Ashe
Bankers:	HSBC Bank 47 Rye Lane Peckham London SE15 5ET
Auditors:	F.W. Berringer & Co Chartered Accountants Registered Auditors Lygon House 50 London Road Bromley BR1 3RA

SOUTHWARK LAW CENTRE LIMITED

REPORT OF THE DIRECTORS' (MANAGEMENT COMMITTEE)

The Management Committee, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 March 2006. The committee has adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005 in preparing the annual report and financial statements of the charity.

Appointment of Management Committee

We are a registered charity and are managed by a voluntary committee of local residents who are selected every year at our Annual General Meeting.

Management Committee

The elected members of the Management Committee (directors) during the year were as follows:

Elizabeth Alford
Michael Stephen Ashe (appointed 27 June 2005)
Peter Cather
Alan Davis
Sandra Hesketh
Marilyn Jones
Charles Joseph
Angus King
Hussain Malik
Richard Palmer
Trevor Precious
Tonya Richards-Clarke
Bolton Samuel
Dr Khalid Sharif (resigned 19 September 2005)
Colin Yeo (appointed 27 June 2005)
Alison Clare (resigned 19 September 2005)

All members of the company, which include members of the Management Committee, undertake to contribute an amount not exceeding £1 each in the event of the winding up of the company, whilst a member, or within one year of cessation of membership.

Objects of the charity, principal activities and organisation of our work

The charity is constituted as a company limited by guarantee and is therefore governed by a memorandum and articles of association.

The charity's object and its principal activity continues to be that of providing legal advice to the residents of the London Borough of Southwark. Its fundamental aims continue to be providing free Legal Advice and Representation for people who live or work in Southwark.

We will achieve this by:

- (i) Providing specialist legal advice and representation, which is free and of high quality, in the areas of Employment, Housing, Welfare Rights and Immigration Law. We prioritise cases involving discrimination, breaches of human rights and cases that are not dealt with by other agencies.
- (ii) Providing training in legal rights.
- (iii) Legal support for local advice and community agencies.
- (iv) Campaigning to influence law, policy and practice and promoting human and civil rights.

SOUTHWARK LAW CENTRE LIMITED

REPORT OF THE DIRECTORS (MANAGEMENT COMMITTEE)

The charity is organised so that the Management Committee meet regularly to manage its affairs. There is one full time Director, Catherine Evans, who is accountable to the Management Committee, who manages the day to day administration of the charity, and as Supervising Solicitor is accountable to the Law Society for the conduct of legal cases, providing day to day supervision of casework. Individual staff specialists provide legal supervision in their areas of specialisation (e.g. Housing, Employment, Immigration and Welfare Rights Law).

Recruitment of trustees

All the trustees who are recruited live or work within the Centre's area of benefit. The recruitment procedures comprise advertising in national and local press and via the internet. Prospective trustees are invited to attend and observe at Trustees meetings and are recruited on the basis of relevant skills, experience and knowledge.

Training

All new trustees are invited to an induction meeting with the Director to observe the work of the Centre. All trustees receive full details of the policies and procedures of the Centre.

Development, activities and achievements this year

Employment cases continue to comprise a high proportion of our work. We advise and represent on a wide variety of employment related problems including unfair dismissal, breach of contract, redundancy and discrimination at work whether on the grounds of sex, race or disability. Southwark Law Centre in partnership with Blackfriars Advice Centre launched the Possession Prevention Project, which aims to reduce the number of possession orders and evictions in Southwark by policy work and increasing access to advice for vulnerable tenants at risk of eviction. The project is funded by the Legal Services Commission's Partnership Initiative Budget until March 2007.

With regard to housing issues, we prioritise evictions, homelessness and serious disrepair. We have taken several cases on homelessness and the allocation of properties to homeless people to the High Court.

We continue to be in discussion with the council on the duties owed to homeless people which we hope may have assisted both parties in understanding these issues.

During the year the Law Centre took on the following number of cases and second tier advice given.

	<u>2006</u>
Housing	469
Employment	175
Immigration	179
Welfare rights	161
Total	<u>984</u>

The Management Committee and staff met twice during the year to discuss and review the Law Centre's Business plan.

The Law Centre was able to meet both the target under the Contract with the London Borough of Southwark and the contractual hours required under the Legal Services Commission's contract. The Law Centre was also able to meet the targets required by the Association of London Government.

SOUTHWARK LAW CENTRE LIMITED

REPORT OF THE DIRECTORS' (MANAGEMENT COMMITTEE)

The Law Centre has secured funds from the Legal Service Commission to run a pilot project on mentoring, supervision and training in immigration, welfare rights and asylum support to small BME community organisations

Campaign Against Hate Crimes has awarded the Law Centre a grant to enable running a Sexual Orientation Discrimination Awareness Project.

The Law Centre continues to make use of volunteers to assist with the day to day administration of the Centre.

Future Developments

The Centre has secured core funds to assist in the continuation of its work for the year ahead and the Management Committee is confident that the Law Centre can continue to provide vital assistance to the people of Southwark. The Law Centre will continue to build on its specialist services in employment, housing, immigration and welfare rights law.

Risk Management

The Law Centre has reviewed the major risks that it faces. It considers the main risks to be the loss of or reduction in funds to carry out its objectives. The funding provided by Southwark council continues to be the major source of income and the committee fully appreciates the importance of this funding. The Management Committee are consistently monitoring the situation to ensure any risks are averted, whilst at the same time designating funds to meet any potential fall in funding. We are aware of recent legislation developments connected with the Government's policy relating to the provision and procurement of legal services and will keep this under review and take such steps as and when necessary.

Transactions and financial position

The Centre's gross income was slightly lower this year at £486,820 against £514,541 last year. Higher outlay on charitable activities up from £466,008 to £482,421 resulted in net incoming resources of £899 against £45,283 for the previous year. At the year end restricted funds amount to £4,848 a reduction from the balance held at the end of last year of £8,739, whilst unrestricted income funds amount to £119,676 against £114,886 at the previous year.

Auditors

The Auditors, F W Berringer & Co, have indicated their willingness to continue in office.

This Report has been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985

By order of the Board


Sandra Hesketh
Chair

17 July 2006

SOUTHWARK LAW CENTRE LIMITED

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

Company law requires the Management Committee (Directors) to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing those financial statements, the committee are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether the policies adopted are in accordance with the Companies Act 1985 and with applicable accounting standards and statements of recommended practice, subject to any material departures disclosed and explained in the financial statements;

Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the company's assets and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

SOUTHWARK LAW CENTRE LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOUTHWARK LAW CENTRE

We have audited the financial statements of Southwark Law Centre Ltd for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Management Committee and Auditors

The trustees' (who are also the directors of Southwark Law Centre Ltd for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the requirements of the Companies Act 1985 and the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the other information contained in the Trustees' Annual Report and consider whether it is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information beyond that referred to in this paragraph.

Basis of audit opinion

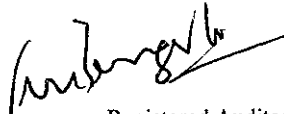
We conducted our audit on accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and have been properly prepared in accordance with the Companies Act 1985 and the Charities Act 1993.

F W Berringer & Co
Lygon House
50 London Road
Bromley
Kent BR1 3RA



Registered Auditors &
Chartered Accountants

17 July 2006

**SOUTHWARK LAW CENTRE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2006**

		Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
INCOMING RESOURCES					
Incoming Resources from Generated Funds					
Voluntary income	3	1,681	-	1,681	252
Activities for generating funds	4	800	-	800	-
Investment income	5	5,356	-	5,356	3,774
Incoming Resources from Charitable Activities	6	439,974	39,009	478,983	510,515
Total incoming resources		447,811	39,009	486,820	514,541
RESOURCES EXPENDED					
Charitable Activities	8	439,437	42,984	482,421	466,008
Governance Costs	9	3,500	-	3,500	3,250
Total resources expended		442,937	42,984	485,921	469,258
Net Incoming Resources before transfers	11	4,874	(3,975)	899	45,283
Gross transfers between funds		(84)	84	-	-
Net Incoming Resources after transfers		4,790	(3,891)	899	45,283
RECONCILIATION OF FUNDS					
Total funds brought forward at 1 April 2005		114,886	8,739	123,625	78,342
Total funds carried forward at 31 March 2006		119,676	4,848	124,524	123,625

SOUTHWARK LAW CENTRE LIMITED
BALANCE SHEET AT 31 MARCH 2006

	Notes	2006	2005
		£	£
FIXED ASSETS			
Tangible Fixed Assets	13	1,587	2,116
CURRENT ASSETS			
Debtors	14	21,226	24,393
Bank		166,544	162,326
Client's Bank Accounts	15	6,519	10,729
Less: Amounts due to Clients		(6,519)	(10,729)
Cash in Hand		180	180
		<u>187,950</u>	<u>186,899</u>
CREDITORS: amounts falling due within one year	16	<u>65,013</u>	<u>65,390</u>
NET CURRENT ASSETS		<u>122,937</u>	<u>121,509</u>
NET ASSETS		<u><u>124,524</u></u>	<u><u>123,625</u></u>
THE FUNDS OF THE CHARITY			
Restricted Income Funds	18	4,848	8,739
Unrestricted Income Funds			
General	19	23,293	18,503
Designated	19	96,383	96,383
		<u><u>124,524</u></u>	<u><u>123,625</u></u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective 2002).

Signed on behalf of the board of directors

Sandra G. Hesketh

Sandra Hesketh

17 July 2006

SOUTHWARK LAW CENTRE LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

1 LEGAL STATUS:

Southwark Law Centre is a company limited by guarantee and has no share capital and is registered as a Charity.

2 ACCOUNTING POLICIES:

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the requirements of the Statement of the Recommended Practice Accounting by Charities issued in March 2005, applicable accounting standards and the Companies Act 1985.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by the Financial Reporting Standard No. 1 (Revised 1996), on the grounds that it qualifies as a small company under the Companies Act 1985.

Depreciation

Depreciation of tangible fixed assets is calculated to write off their cost over their estimated useful lives as follows:

Furniture and Equipment	25%	reducing balance
Law Library	25%	reducing balance
Computer Equipment	100%	straight line

Legal Aid Claims

No account has been taken of Legal Aid Claims made but unpaid at the accounting date, nor of disbursements incurred on behalf of clients but similarly unpaid. Whilst it is normal policy to settle such charges without delay, it is not uncommon, particularly with barristers' fee notes, for the charge to be received many months after incurrence of the charges at any given point. The items referred to are therefore credited or charged to revenue in the accounting period in which they are received or paid.

Pension Scheme

Employees have the opportunity of contributing to the scheme administered by the London Borough of Southwark. The employer's contributions for the scheme are charged to revenue in the year for which payment is due. The pension costs for the year ended 31 March 2006 were £16,506 (2005 - £9,455).

Governance Costs

Governance costs comprise of the legal and statutory costs of operating the charity.

3 VOLUNTARY INCOME

	2006 £	2005 £
General donations	681	252
London Legal Support Trust	<u>1,000</u>	<u>-</u>

4 ACTIVITIES FOR GENERATING FUNDS

	2006 £	2005 £
Income from Training	<u>800</u>	<u>-</u>

5 INVESTMENT INCOME

	2006 £	2005 £
Bank Deposit Interest	<u>5,356</u>	<u>3,774</u>

SOUTHWARK LAW CENTRE LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Grants Receivable	250,192	39,009	289,201	298,018
Legal Aid and Costs Recovered	189,782	-	189,782	212,497
	<u>439,974</u>	<u>39,009</u>	<u>478,983</u>	<u>510,515</u>

7 GRANTS

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Southwark Council	222,680	-	222,680	217,248
Association of London Government	-	31,915	31,915	31,915
Partnership Initiative Budget	27,512	-	27,512	40,575
Community Legal Service	-	-	-	3,780
Campaign Against Hate Crimes	-	500	500	4,500
Goldsmiths	-	2,000	2,000	-
Law Centres Federation	-	4,594	4,594	-
	<u>250,192</u>	<u>39,009</u>	<u>289,201</u>	<u>298,018</u>

8 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Staff costs	325,248	36,224	361,472	353,235
Accommodation costs	31,558	212	31,770	28,384
Other support costs	82,631	6,548	89,179	84,389
	<u>439,437</u>	<u>42,984</u>	<u>482,421</u>	<u>466,008</u>

9 GOVERNANCE COSTS

	2006 £	2005 £
Audit & Accountancy	<u>3,500</u>	<u>3,250</u>

10 STAFF COSTS

	2006 £	2005 £
Wages and salaries	312,776	311,606
Social security costs	32,190	32,174
Other pension costs	16,506	9,455
	<u>361,472</u>	<u>353,235</u>

No employee earned £50,000 p.a. or more during the year.

The average number of employees, analysed by responsibility, was:

	2006	2005
Lawyers and Legal Advisers	9	9
Other Workers	3	3
	<u>12</u>	<u>12</u>

The trustees received no remuneration during the year.

SOUTHWARK LAW CENTRE LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

11 NET INCOMING RESOURCES	2006	2005
	£	£
Net Incoming resources are stated after charging:		
Depreciation	5,183	3,209
Auditors' remuneration	3,500	3,250

12 TAXATION

In view of the company's status as a registered charity, no liability arises to UK Corporation Tax.

13 TANGIBLE FIXED ASSETS

	Computer Equipment	Furniture Equipment Furnishings	Law Library	Total
	£	£	£	£
Cost				
at 1 April 2005	20,754	27,160	8,708	56,622
Additions in year	4,654	-	-	4,654
at 31 March 2006	<u>25,408</u>	<u>27,160</u>	<u>8,708</u>	<u>61,276</u>
Depreciation				
at 1 April 2005	20,754	26,034	7,718	54,506
Charge for year	4,654	281	248	5,183
at 31 March 2006	<u>25,408</u>	<u>26,315</u>	<u>7,966</u>	<u>59,689</u>
Net Book Value				
at 31 March 2006	<u>-</u>	<u>845</u>	<u>742</u>	<u>1,587</u>
Net Book Value				
at 31 March 2005	<u>-</u>	<u>1,126</u>	<u>990</u>	<u>2,116</u>

14 DEBTORS

	2006	2005
	£	£
Debtors & Prepayments	<u>21,226</u>	<u>24,393</u>

15 CLIENTS' ACCOUNT

Southwark Law Centre held clients' funds at 31 March 2006 of £6,519 (2005: £10,729).

16 CREDITORS: amounts falling due within one year

	2006	2005
	£	£
Social security & other taxes	16,606	20,003
LSC payments on account	29,727	19,875
Sundry creditors & accruals	18,680	25,512
	<u>65,013</u>	<u>65,390</u>

SOUTHWARK LAW CENTRE LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006 (CONTINUED)

17 LEASE COMMITMENTS

The Law Centre is currently in negotiation for a new lease for its premises. The Centre has protection under the Landlord & Tenant Act 1954.

18 RESTRICTED INCOME FUNDS

	Balance at 1 April 2005	Grant received during year	Expenditure during year	Balance at 31 March 2006
	£	£	£	£
Association of London Government - Refugee & Asylum Advice Project	-	31,915	31,915	-
Community Legal Service Development Fund	3,235	-	3,235	-
Goldsmiths	-	2,000	2,000	-
Campaign Against Hate Crimes	4,500	500	5,000	-
Law Centre Federation - Reception refurbishment	-	4,594	750	3,844
Providing Disabled Access to Charity's premises	1,004	-		1,004
	<u>8,739</u>	<u>39,009</u>	<u>42,900</u>	<u>4,848</u>

Section 37 Statement

Grant aid of £31,915 was received in the year ended 31 March 2006 from The Association of London Government for the Refugee and Asylum Advice Project. The money was awarded to fund salaries and associated support costs and has been utilised for that purpose.

19 UNRESTRICTED INCOME FUNDS

The unrestricted income funds of the charity include the following funds:

	General Funds	Staff Contingency Fund	Designated Funds Equipment Fund	Leasehold Liability Fund	Total
		£	£	£	£
Balance at 1 April 2005	18,503	54,883	5,000	36,500	114,886
Net Incoming Resources	4,790	-	-	-	4,790
Balance at 31 March 2006	<u>23,293</u>	<u>54,883</u>	<u>5,000</u>	<u>36,500</u>	<u>119,676</u>

Designated funds have been set aside to meet possible future contingencies and liabilities as they may arise.

SOUTHWARK LAW CENTRE LIMITED
DETAILED SUMMARY OF EXPENDITURE ON CHARITABLE ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2006

	2006 £	2006 £	2006 £	2005 £
	Unrestricted	Restricted	Total	
Salaries & national insurance	309,231	35,735	344,966	343,780
Staff pension fund contributions	16,017	489	16,506	9,455
Practicing certificates	7,790	-	7,790	5,664
Recruitment, temporary staff & training expenses	7,267	744	8,011	10,373
Rent & rates	18,257	212	18,469	18,032
Light & heat	2,775	-	2,775	3,197
Insurance	4,451	-	4,451	6,263
Repairs, renewals & maintenance	12,356	750	13,106	4,396
Cleaning	4,306	-	4,306	3,385
Bad & doubtful debts	1,031	-	1,031	2,000
Replacement law books	5,561	-	5,561	5,418
Telephone	5,630	-	5,630	6,012
Printing & stationery	6,256	2,940	9,196	7,404
Travelling & subsistence	496	30	526	771
Postage	4,212	-	4,212	3,892
Equipment leased	2,884	-	2,884	2,657
Computer accessories, software & support	7,844	-	7,844	9,691
Professional subscriptions	6,216	-	6,216	6,550
Book-keeping fees	10,008	-	10,008	9,910
Legal & professional fees	1,288	-	1,288	1,450
Bank charges	165	-	165	150
Depreciation	3,099	2,084	5,183	3,209
AGM & Management Committee expenses	200	-	200	345
Annual report	1,081	-	1,081	858
Miscellaneous expenses	1,016	-	1,016	1,146
	<u>439,437</u>	<u>42,984</u>	<u>482,421</u>	<u>466,008</u>