

SOUTHWARK LAW CENTRE
ANNUAL ACCOUNTS
for the year ended 31 March 2007
Registered charity number: 277927
Company No 1418763 (England & Wales)

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**SOUTHWARK LAW CENTRE
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007**

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SOUTHWARK LAW CENTRE

(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
Company Secretary:	Catherine Evans
Bankers:	HSBC Bank plc 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

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 2007. 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
Peter Cather
Alan Davis
Sandra Hesketh
Marilyn Jones
Charles Joseph
Angus King
Hussain Malik
Richard Palmer
Trevor Precious
Tonya Richards-Clarke
Bolton Samuel
Colin Yeo

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

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 worked in partnership with Blackfriars Advice Centre on 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>2007</u>
Housing	439
Employment	100
Immigration	211
Welfare rights	169
Total	<u>919</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 London Councils.

SOUTHWARK LAW CENTRE

REPORT OF THE DIRECTORS' (MANAGEMENT COMMITTEE)

The Law Centre has secured funds from Lloyds TSB Foundation to set up an Immigration Forum in South East London to provide training, networking and establish referral protocols for NfP organisations

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 trustees are keenly aware that their responsibilities include the duty to plan for the future and to prepare the Law Centre for the risks and opportunities they have identified beyond the current financial year. The immediate future is particularly uncertain due to the changing strategies of the Legal Services Commission, which makes the Law Centre's income increasingly uncertain having regard to the high number of difficult cases which the Law Centre presently undertakes. The Law Centre's income is also highly dependent on staff performance, something that could be disproportionately affected by, for example, long-term sickness. The Law Centre's reserves have been set in accordance with the Centre's reserve policy, which is formulated pursuant to Charity Commission guidance. Best practice suggests that the Law Centre should have an appropriate proportion of its annual outgoings available by way of reserves and the level of the Law Centre's reserves is regularly monitored by the trustees

Designated funds

Designated funds are those the trustees have earmarked for a particular use. This year, the trustees have maintained the designated funds to cover liabilities arising from our lease and funds to replace equipment at the same level as last year. The Staff Contingency Fund to cover unplanned staff costs, such as, for example, maternity leave and long term sickness absence has been reduced by £4,587 representing the cost of maternity cover. Allocations or transfers between funds are decided upon annually by the trustees

Transactions and financial position

The Centre's gross income was slightly higher this year at £523,600 against £486,820 last year, an increase of £36,780. Higher outlay on charitable activities, up from £482,421 to £492,665 resulted in net incoming resources of £27,185 against £899 for the previous year. At the year end restricted funds amount to £10,891 an increase from the balance held at the end of last year of £4,848, whilst unrestricted income funds amount to £140,818 against £119,676 at the previous year

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

REPORT OF THE DIRECTORS' (MANAGEMENT COMMITTEE)

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

A handwritten signature in black ink, reading "Sandra A. Hesketh". The signature is written in a cursive, flowing style.

Sandra Hesketh
Chair

16 July 2007

SOUTHWARK LAW CENTRE

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

We have audited the financial statements of Southwark Law Centre for the year ended 31 March 2007 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 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 Trustees' 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

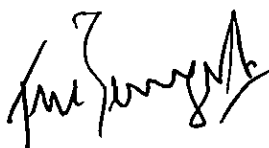
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant 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 and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 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

16 July 2007

**SOUTHWARK LAW CENTRE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2007**

		Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
INCOMING RESOURCES					
Incoming Resources from Generated Funds					
Voluntary income	3	2,020	-	2,020	1,681
Activities for generating funds	4	-	-	-	800
Investment income	5	5,075	-	5,075	5,356
Incoming Resources from Charitable Activities	6	475,225	41,280	516,505	478,983
Total incoming resources		<u>482,320</u>	<u>41,280</u>	<u>523,600</u>	<u>486,820</u>
RESOURCES EXPENDED					
Charitable Activities	8	457,428	35,237	492,665	482,421
Governance Costs	9	3,750	-	3,750	3,500
Total resources expended		<u>461,178</u>	<u>35,237</u>	<u>496,415</u>	<u>485,921</u>
Net Incoming Resources	11	21,142	6,043	27,185	899
RECONCILIATION OF FUNDS					
Total funds brought forward at 1 April 2006		119,676	4,848	124,524	123,625
Total funds carried forward at 31 March 2007		<u>140,818</u>	<u>10,891</u>	<u>151,709</u>	<u>124,524</u>

**SOUTHWARK LAW CENTRE
BALANCE SHEET AT 31 MARCH 2007**

	Notes	2007	2006
		£	£
FIXED ASSETS			
Tangible Fixed Assets	13	1,190	1,587
CURRENT ASSETS			
Debtors	14	26,856	21,226
Bank		210,112	166,544
Client's Bank Accounts	15	16,561	6,519
Less Amounts due to Clients		(16,561)	(6,519)
Cash in Hand		180	180
		<u>237,148</u>	<u>187,950</u>
CREDITORS: amounts falling due within one year	16	<u>86,629</u>	<u>65,013</u>
NET CURRENT ASSETS		150,519	122,937
NET ASSETS		<u>151,709</u>	<u>124,524</u>
THE FUNDS OF THE CHARITY			
Restricted Income Funds	18	10,891	4,848
Unrestricted Income Funds			
General	19	49,022	23,293
Designated	19	91,796	96,383
		<u>151,709</u>	<u>124,524</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 January 2007)

Signed on behalf of the board of directors



Sandra Hesketh

16 July 2007

SOUTHWARK LAW CENTRE
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

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 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 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 2007 were £22,327 (2006 - £16,506)

Governance Costs

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

3 VOLUNTARY INCOME

	2007 £	2006 £
General donations	2,020	681
London Legal Support Trust	-	1,000
	<u>2,020</u>	<u>1,681</u>

4 ACTIVITIES FOR GENERATING FUNDS

	2007 £	2006 £
Income from Training	-	800
	<u>-</u>	<u>800</u>

5 INVESTMENT INCOME

	2007 £	2006 £
Bank Deposit Interest	5,075	5,356
	<u>5,075</u>	<u>5,356</u>

SOUTHWARK LAW CENTRE
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Grants Receivable	257,931	41,280	299,211	289,201
Legal Aid and Costs Recovered	217,294	-	217,294	189,782
	<u>475,225</u>	<u>41,280</u>	<u>516,505</u>	<u>478,983</u>

7 GRANTS

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Southwark Council	228,248	-	228,248	222,680
Association of London Government	-	31,915	31,915	31,915
Partnership Initiative Budget	29,683	-	29,683	27,512
Campaign Against Hate Crimes	-	-	-	500
Goldsmiths	-	-	-	2,000
Law Centres Federation	-	-	-	4,594
Lloyds TSB Foundation	-	9,365	9,365	
	<u>257,931</u>	<u>41,280</u>	<u>299,211</u>	<u>289,201</u>

8 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Staff costs	347,633	33,115	380,748	361,472
Accommodation costs	25,737	2,122	27,859	31,770
Other support costs	84,058	-	84,058	89,179
	<u>457,428</u>	<u>35,237</u>	<u>492,665</u>	<u>482,421</u>

9 GOVERNANCE COSTS

	2007 £	2006 £
Audit & Accountancy	<u>3,750</u>	<u>3,500</u>

10 STAFF COSTS

	2007 £	2006 £
Wages and salaries	327,454	312,776
Social security costs	30,967	32,190
Other pension costs	22,327	16,506
	<u>380,748</u>	<u>361,472</u>

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

The average number of employees, analysed by responsibility, was

	2007	2006
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
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

11 NET INCOMING RESOURCES

	2007 £	2006 £
Net Incoming resources are stated after charging		
Depreciation	397	5,183
Auditors' remuneration	3,750	3,500

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 £	Furniture Equipment Furnishings £	Law Library £	Total £
Cost				
at 1 April 2006 and 31 March 2007	<u>25,408</u>	<u>27,160</u>	<u>8,708</u>	<u>61,276</u>
Depreciation				
at 1 April 2006	25,408	26,315	7,966	59,689
Charge for year	-	211	186	397
at 31 March 2007	<u>25,408</u>	<u>26,526</u>	<u>8,152</u>	<u>60,086</u>
Net Book Value				
at 31 March 2007	<u>-</u>	<u>634</u>	<u>556</u>	<u>1,190</u>
Net Book Value				
at 31 March 2006	<u>-</u>	<u>845</u>	<u>742</u>	<u>1,587</u>

14 DEBTORS

	2007 £	2006 £
Debtors & Prepayments	<u>26,856</u>	<u>21,226</u>

15 CLIENTS' ACCOUNT

Southwark Law Centre held clients' funds at 31 March 2007 of £16,561 (2006 £6,519)

16 CREDITORS amounts falling due within one year

	2007 £	2006 £
Social security & other taxes	29,842	16,606
LSC payments on account	33,795	29,727
Sundry creditors & accruals	22,992	18,680
	<u>86,629</u>	<u>65,013</u>

SOUTHWARK LAW CENTRE
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007 (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 2006	Grant received during year	Expenditure during year	Balance at 31 March 2007
	£	£	£	£
Association of London Government - Refugee & Asylum Advice Project	-	31,915	31,915	-
Lloyds TSB Foundation	-	9,365	1,200	8,165
Law Centre Federation - Reception refurbishment	3,844	-	1,867	1,977
Providing Disabled Access to Charity's premises	1,004	-	255	749
	<u>4,848</u>	<u>41,280</u>	<u>35,237</u>	<u>10,891</u>

Section 37 Statement

Grant aid of £31,915 was received in the year ended 31 March 2007 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 2006	23,293	54,883	5,000	36,500	119,676
Net Incoming/(Outgoing) Resources	25,729	(4,587)	-	-	21,142
Balance at 31 March 2007	<u>49,022</u>	<u>50,296</u>	<u>5,000</u>	<u>36,500</u>	<u>140,818</u>

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

SOUTHWARK LAW CENTRE
DETAILED SUMMARY OF EXPENDITURE ON CHARITABLE ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2007

	2007 £	2007 £	2007 £	2006 £
	Unrestricted	Restricted	Total	
Staff Costs				
Salaries & national insurance	325,306	33,115	358,421	344,966
Staff pension fund contributions	22,327	-	22,327	16,506
	<u>347,633</u>	<u>33,115</u>	<u>380,748</u>	<u>361,472</u>
Accommodation Costs				
Rent & rates	18,599	-	18,599	18,469
Light & heat	2,722	-	2,722	2,775
Repairs, renewals & maintenance premises	2,823	2,122	4,945	8,891
Insurance contents	1,593	-	1,593	1,635
	<u>25,737</u>	<u>2,122</u>	<u>27,859</u>	<u>31,770</u>
Other Support Costs				
Practicing certificates	6,759	-	6,759	7,790
Recruitment, temporary staff & training expenses	9,924	-	9,924	8,011
Telephone	5,236	-	5,236	5,630
Insurance professional indemnity	3,097	-	3,097	2,816
Repairs, renewals & maintenance equipment	2,445	-	2,445	4,215
Cleaning	4,664	-	4,664	4,306
Bad & doubtful debts	4,643	-	4,643	1,031
Replacement law books	5,048	-	5,048	5,561
Printing & stationery	7,271	-	7,271	9,196
Travelling & subsistence	576	-	576	526
Postage	3,888	-	3,888	4,212
Equipment leased	2,979	-	2,979	2,884
Computer accessories, software & support	7,765	-	7,765	7,844
Professional subscriptions	4,776	-	4,776	6,216
Book-keeping fees	10,320	-	10,320	10,008
Legal & professional fees	1,744	-	1,744	1,288
Bank charges	118	-	118	165
Depreciation	397	-	397	5,183
AGM & Management Committee expenses	288	-	288	200
Annual report	994	-	994	1,081
Miscellaneous expenses	1,126	-	1,126	1,016
	<u>84,058</u>	<u>-</u>	<u>84,058</u>	<u>89,179</u>