

Company no 2433492
Charity no 1088588

Law Centres Federation
Report and Financial Statements
31 March 2010



sayer vincent
consultants and auditors

Law Centres Federation

Reference and administrative details

For the year ended 31 March 2010

Company number 2433492

Charity number 1088588

Registered office and operational address

1 April 2009 to 21 October 2009 3rd floor
293-299 Kentish Town Road
London
NW5 2TJ

22 October 2009 to 31 March 2010 22 Tudor Street
London
EC4Y 0AY

Executive Officers The following served on the Executive Committee throughout the year

1 April 2009 to 27 November 2009

Chair	Nick Woolf
Vice chair	Ruth Hayes
Vice chair	Nick Whittingham
Treasurer	Sean Canning
Secretary	Laura Melbourne

Committee Members Reita Clarke MBE
Ruth Appleton
John Oke
Maureen Vincent
Teresa Waldron
Paul im Thurn
Gillian Sharp

1 April 2009 to 21 October 2009

Committee Member Keith Bennet

6 July to 27 November 2009

Committee Member Hugh Lansdowne

The following people were elected at the Annual General Meeting held on 27 November 2009

Chair	Nick Woolf
Vice chair	Ruth Hayes
Vice chair	Nick Whittingham
Treasurer	Sean Canning
Secretary	Maureen Vincent

Law Centres Federation

Reference and administrative details

For the year ended 31 March 2010

Committee Members	Reita Clarke MBE Ruth Appleton John Oke Teresa Waldron Paul im Thurn Gillian Sharp Laura Melbourne
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27 November 2009 to 23 March 2010

Committee Member:	John Howard
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22 February 2010 to 31 March 2010

Committee Member:	Graham Partridge
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There are two vacancies on the committee

The officers and committee members are all members of the Executive Committee

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up

The total number of such guarantees at 31 March 2010 was 52

Members of the Executive Committee have no beneficial interest in the charity

Bankers	The Cooperative Bank plc 1 Islington High Street London N1 9TR
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Auditors	Sayer Vincent Chartered accountants and statutory auditors 8 Angel Gate City Road London EC1V 2SJ
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Law Centres Federation

Report of the Executive Committee

For the year ended 31 March 2010

The Executive Committee, who are also directors of the charitable company for the purposes of the Companies Act, submit their annual report and the financial statements of the Law Centres Federation for the year ended 31 March 2010. The Executive Committee confirm that the annual report and financial statements of the Law Centres Federation comply with current statutory requirements, the requirements of its governing document, as provided in its Memorandum, and Articles of Association, and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities (2005)". The reference and administrative details on page 1

The Law Centres Federation is a registered charity and a company limited by guarantee. It is governed by a Memorandum and Articles of Association created in 1978 under the Companies Act 1948 to 1976. The restrictions imposed on the charity are set out in the company's Memorandum of Association. The company is limited by guarantee and registered at Companies House under the number 2433492. The company is registered as a Charity under the number 1088588.

For the year ended 31 March 2010

It is controlled by a voluntary Executive Committee which has corporate and legal responsibility for all activities and functions of the organisation.

The Executive Committee acts as a Board of Directors and people are nominated prior to election, or re-election, by member Law Centres at the Annual General Meeting, in accordance with the Memorandum and Articles of Association of the Law Centres Federation. This provides for the election of 15 members: five officers, five representatives of member Law Centres' management committees and five employees of member Law Centres. Up to four additional Executive Committee members may be appointed by co-option.

The Executive Committee have an overall responsibility of ensuring that the charity has an appropriate system of controls, financial and otherwise. The system of internal controls are designed to provide reasonable but not absolute assurance against material

- A strategic plan and an annual budget approved by the Executive Committee
- Regular consideration by the Executive Committee of financial information, variance from budgets and non-financial performance reports
- Delegation of authority and segregation of duties
- Identification and management of risks

Overall responsibility for the Law Centres Federation rests with the Executive Committee. Daily operational responsibility for its activities has been devolved to the Director.

During the reporting period the Law Centres Federation had a team of 2 managers reporting to the Director: the Director of Development and Support and the Campaigns, Communications and Policy Director.

Law Centres Federation

Report of the Executive Committee

For the year ended 31 March 2010

Recruitment and training of Executive Committee

The Law Centres Federation is committed to ensuring that its membership reflects the diversity of its member Law Centres. To achieve this we review the skills of Executive Committee to ensure that we maintain a balance of developmental, financial, legal and management skills across the Executive Committee to enable it to discharge its duties.

An annual induction and planning event is organised for new Executive Committee members at the beginning of their term of office. All new Executive Committee members receive an induction pack that includes information about the Law Centres Federation, and a briefing that outlines the roles and responsibilities of the Executive Committee as both company directors and charity trustees. Recent copies of minutes, management accounts and management reports, together with copies of the Memorandum and Articles of Association, are included in the induction pack. This event also incorporates an opportunity for staff and Executive Committee members to share and develop organisational experience, from which they can learn lessons and improve practice. Throughout the year, members of the Executive Committee are informed of any changes to statutory requirements for Charities or any developments that impact on their duties as directors of LCF.

Risk management

The Executive Committee undertake a formal risk management process throughout the year. This involves identifying the types of risk the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying ways of mitigating the risks. As part of this process, the Executive Committee has reviewed the adequacy of the charity's current internal controls. The Executive Committee are pleased to report that the charity's internal financial controls, conform to guidelines issued by the Charity Commission.

Objects and activities

The Law Centres Federation is a national organisation representing Law Centres. Law Centres are specialist legal services providers, mainly specialising in civil law matters. The term "Law Centre" is a registered trade mark, available for use only by members of the Law Centres Federation.

To become a Law Centre an organisation needs to be vetted by the Law Centres Federation, and then voted in by the current membership at an Annual General Meeting. To enjoy the benefits of membership each Law Centre has to comply with membership regulations, including employing a supervising solicitor and having an independent management committee drawn from the communities they serve.

On 31 March 2010 there were 52 Law Centres operating from 58 separate outlets that are members of the Law Centres Federation. LCF has 8 Associate members and 3 affiliate members. LCF's associate and affiliate members are organisations whose purpose and activities are aligned with those of full member Law Centres but whose structure does not allow full membership according to LCF's Rules. An Associate member may also request associate membership of LCF because they wish to collaborate more closely with Law Centres while retaining full membership to another allied organisation.

The Executive Committee continued to secure resources this year to employ a director and 11 other staff to serve the needs of Law Centres and to further the organisation's objectives.

Law Centres Federation

Report of the Executive Committee

For the year ended 31 March 2010

Public Benefit

The Executive Committee considers the Public Benefit generated through its activities as part of its annual strategic planning process and at its meeting each quarter. The Executive Committee referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing LCF's aims and objectives and in planning and reviewing all activities.

LCF's activities benefit the public in 3 ways

- 1 Through direct service provision with activities such as the Employment Tribunal project which funds Law Centres in London to represent clients at Employment Tribunals. Without this project, clients would otherwise be unrepresented. The Equalities and Human Rights public legal education project that taught people how to make sure they are treated fairly, about discrimination and their rights, is another example of direct service provision.
- 2 Through services to Law Centres that enable them to provide legal services to vulnerable and disadvantaged people in their communities with activities such as assisting with tender preparation and funding bids, training, Governance support and training, facilitation effective collaboration and sharing of resources.
- 3 Through social policy work that seeks to address the underlying causes of people's legal problems by responding to consultations, participating in reviews, and through working to extend the availability of free legal services for disadvantaged people.

Throughout 2009-2010, LCF considered all its activities were for the benefit of the public and were guided by our strategic plan, the key elements of which are set out below.

Vision and Mission

The vision statement adopted by LCF on 26 April 2010 is

A network of Law Centres that transforms the lives of the most vulnerable and disadvantaged by achieving justice for them.

The Law Centres Federation's mission statement is

We seek justice for the most disadvantaged in society by supporting, developing and leading the national network of Law Centres.

- We represent Law Centres at all levels of government and other national forums.
- We champion the Law Centre model for delivering legal services and our innovative range of programmes.
- We support our members to be effective and sustainable organisations.

Law Centres Federation

Report of the Executive Committee

For the year ended 31 March 2010

Strategic Objectives

The strategic objectives of LCF for the next 3 years are

- 1 **Independent, sustainable and effective Law Centres** which are centres of excellence that provide specialist legal services to disadvantaged people that respond to and address the needs of the community
- 2 **A national network of Law Centres** that inspires a shared vision for the membership and that enables the LCF to achieve the vision together through a coordinated and collaborative network of Law Centres
- 3 **National recognition of the role and impact** of Law Centres so that the Law Centre service delivery model is promoted and recognised for having a high impact on its clients and their communities and which transforms the lives of the vulnerable and disadvantaged thereby improving social inclusion and achieving social justice
- 4 **National Government policy change and practice** is achieved by providing evidence-based research, submissions to Government, by advocating for an inter-departmental commitment to ensure access to legal and advice services, and, a government commitment to programmes that are just and in the interests of vulnerable and disadvantaged people

Planned Initiatives for the coming period 2010/2011

The strategic objectives of the Law Centres Federation will be achieved through the implementation of 3 year work plans. The activities undertaken will be designed and carried out with the aim of maximising public benefit.

In the upcoming 12 months, in addition to LCF's core activities, new initiatives will be carried out to

- Review and strengthen the structure within which Law Centres collaborate as members of LCF
- Strengthen the Law Centres' Business model and explore mechanisms for Law Centres to generate income so that they can better pursue their charitable purposes
- Develop a quality system and procedures for Law Centres
- Develop procedures and projects to address systemic issues arising from Law Centres' work
- Strengthen independence of Law Centres and the Law Centre service delivery model
- Work with Law Centres to extend services at the local level

Activities and performance in 2009/2010

All activities undertaken over the period 2009 to 2010 were planned and implemented with a view to achieving public benefit for the communities that Law Centres serve.

Campaigns, Communications and Policy

LCF strengthened its management and effectiveness of campaigns, advocacy and communications by building a new team, adding a Communications Officer to the team, which also includes the Equality and Diversity Manager and the Director for Campaigns, Communications and Policy.

Law Centres Federation

Report of the Executive Committee

For the year ended 31 March 2010

During the year we continued to pursue our key policy objectives

- Promoting the Law Centre model as the best way to deal with people's legal problems holistically, and to help the community to tackle the causes of such problems
- Advising central and local government about the opportunities and pit-falls resulting from changes to the provision and funding of public legal advice, on behalf of our member Law Centres
- Co-ordinating the views of Law Centres, based on the case-work they do for individual clients, and their unique position within their communities, in order to address the causes of common legal problems

1 Communications

In July 2009 LCF launched a series of animations which tell the story of Law Centres's work. The launch was held at the House of Lords, sponsored by Lord Bach. Two of the animations were released on YouTube and can be seen on LCF's website. LCF's newsletter was updated and is distributed quarterly via email. Media support was given to a number of Law Centres. Newsletters were produced and distributed to members regularly. The Law Centres Federation website was regularly updated and its use amongst Law Centres encouraged. Work commenced on upgrading the website.

2 Equalities and Human Rights

Focus on the strategic Equalities and Human Rights work of Law Centres was increased with receipt of funding from the EHRC to support Law Centres in this work. A help line was established, referral mechanisms improved and quarterly forums continued for lawyers working in this field. The EU Progress project concluded. The evaluation found that the development and distribution of awareness-raising materials at events conducted around the UK and in Scotland effectively helped people to understand what discrimination is and how to ensure that they are treated fairly.

3 Law Centre Model

The Baring Foundation funded project to protect and extend the independence of Law Centres through strengthening the Law Centre model of service delivery continued. Research was undertaken on the impact of the Unified Contract on Law Centres. The Law Centre model was documented and is being consulted on. Work on the Animations project was undertaken as part of the Baring Foundation project.

4 Access to Justice and Legal Aid

LCF participated in the Ministry of Justice's Legal Advice at a Local Level study by sitting on the steering and implementation committees as well as providing research and information to the study. LCF submitted evidence from Law Centres to the review of legal aid led by Sir Ian Magee, to draft policy regarding the delivery of legal aid, and to policy for the Bill on Rights and Responsibilities. The Ministry of Justice and the European Commission co-hosted with LCF a high-level roundtable with leaders from across the justice sector on "Access to Justice in the UK and the EU" in November 2009.

5 Annual Conference

The Annual Conference, held in conjunction with the AGM, is Law Centres' main forum for collaboration, sharing of ideas and resources, networking and training held each year. The 2009 conference titled "Law Centres Transforming Lives: Delivering Justice, Restoring Hope" was held on 27 and 28 November 2009 in London.

Law Centres Federation

Report of the Executive Committee

For the year ended 31 March 2010

6 Campaigns, Communications and Advocacy

LCF worked to galvanise the Law Centres' movement by strengthening leadership at governance level through the establishment of a Campaigns, Advocacy and Communications Sub-Committee, and creating a stakeholder Campaigns, Advocacy and Communications Reference Group across Law Centres. Law Centres have increased their engagement in LCF's national policy work with the level of Law Centre endorsement of collective policy statements exceeding 60%.

Development and Support of Law Centres

Ensuring the sustainability and increasing the capacity of Law Centres to provide legal assistance to disadvantaged and marginalised people and their communities is a primary area of work for the Law Centres Federation. During 2009/10 the Development and Support Team of LCF continued to fulfil its obligations to funders and member Law Centres.

Much of our work over the year has been in assisting Law Centres to successfully tender for new Legal Help Contracts with the Legal Services Commission. Workshops and seminars were provided to prepare Law Centres for the tendering process. Training was provided on individual tenders in particular areas of law to ensure success. Further training was provided to Law Centres to upskill the workforce in areas such as Supervision of legal casework and caseworkers, Legal Aid Certificated Work and billing. We continued with our Governance project providing training a support for Law Centre Management Committees. Our Young Peoples Project continued with an addition of a campaign to raise awareness of Young Peoples need for Legal Advice. Key areas of work with Law Centres were, sustainability and partnership working, coaching for Law Centre staff and Management Committees, business planning and facilitating individual Law Centre strategic planning events.

The Development & Support Department also manages the delivery of a range of projects including

- Working Together for Advice funded by the Advice Plus Big Lottery Fund
This is a partnership project involving 5 national advice networks and is built around the creation and development of 8 separate workstreams. The 5 networks involved in the project are Citizens Advice, Age Concern, Advice UK, Youth Access and the Law Centres Federation.

The 8 workstreams are

- 1 Enhancing Frontline Advice,
- 2 Workforce Development,
- 3 Developing Access to Advice,
- 4 Developing Advice Outcome,
- 5 User & Stakeholder Involvement,
- 6 Developing Discrimination Advice,
- 7 Quality, and
- 8 Promoting Advice

The overall aim of the project is to improve access for those seeking legal advice and to improve the quality and depth of service provision.

Law Centres Federation

Report of the Executive Committee

For the year ended 31 March 2010

- **London Councils**
London Councils continued to fund LCF's development and support work with Law Centres in London. LCF manages three separate areas of work in London: The Pan London Employment Tribunal Representation Project, 2nd Tier services to Law Centres and Policy and Voice provision on behalf of members in London.
 - 1 Policy & Voice to the Legal and Advice Sector in partnership with AdviceUK and LASA
 - 2 Second Tier Support to Law Centres in London
 - 3 London Law Centres Tribunal Representation Project - this is a Pan London partnership project with 14 London Law Centres participating. The project is managed by the LCF
- **Governance Project**
Funded by the Big Lottery BASIS fund, the Governance Project provides training and support to Trustees and Boards of Law Centres and advice agencies. The project is a partnership project with AdviceUK London Team.
- **Young People Project funded by City Bridge Trust**
This project has been extremely successful and continues to grow. We have increased the number of Law Centres participating in this important area and this has resulted in seeing significant numbers of young people housed and reinstated in school following expulsion.

Financial review

The company had net incoming resources on unrestricted funds of £51,438, together with the accumulated surplus brought forward from previous years, the company now has accumulated unrestricted funds of £145,268 (2009, £93,830).

Restricted funds carried forward at 31 March 2010 amounted to £90,452 (2009 £84,143). This is sufficient for the activities for which the funds were provided.

The total net incoming resources for the company were £57,747 (2009 incoming resources £66,728). Total funds carried forward at 31 March 2010 are £235,720, (2009 £177,973).

In 2009/2010 the Law Centres Federation received grants from the Legal Services Commission, Equalities and Human Rights Commission, London Councils, Big Lottery Fund, City Bridge Trust, Barings Foundation and EU for the Progress Towards Equality Project.

Our main source of unrestricted funds continues to be from subscriptions from Law Centres and sponsorship and donations.

Reserves policy

The Executive Committee have considered the following factors when considering a reserves policy:

- the organisation's contractual obligations to its staff in terms of parental rights, sickness pay and redundancy provisions,
- the organisation's obligation to maintain a safe and clean working environment,
- that certain equipment is essential for our work, and
- that an increasing proportion of the organisation's income is now derived from fixed term project grants.

Law Centres Federation

Report of the Executive Committee

For the year ended 31 March 2010

The Executive Committee has decided that it would be prudent to adopt a recommendation that unrestricted funds equal to three month's core service running costs should be maintained as reserves. This amounts to £161,798, which equates to three months salaries plus overheads. The current level of unrestricted reserves is £145,268. The Executive Committee proposes reaching the target over the next three years through budgeting for planned operational surpluses.

Statement of Executive Committee responsibilities

The Executive Committee are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the net income or expenditure, of the charitable company for the year. In preparing those financial statements the governing body is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements, and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Executive Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Executive Committee is 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.

Members of the Executive Committee confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. Members of the Executive Committee also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

Events since the end of the year

In the opinion of the Executive Committee no event since the balance sheet date significantly affects the company's financial position.

Independent Auditors

The auditors, Sayer Vincent, are deemed to be reappointed in accordance with section 485 of the Companies Act 2006 by virtue of an elective resolution passed by the members.

Approved by the Executive Committee on 11 October 2010 and signed on its behalf by



Nick Woolf, LCF Chair

Independent auditors' report

To the members of

Law Centres Federation

We have audited the financial statements of Law Centres Federation for the year ended 31 March 2010 which comprise the statement of financial activities, the balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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.

Respective responsibilities of the executive committee and auditors

The responsibilities of the executive committee (who are also the directors of Law Centres Federation for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of responsibilities of the executive committee.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the executive committee's annual report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of executive committee's remuneration specified by law are not made.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the report of the executive committee, Chairman's statement. 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.

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 the significant estimates and judgements made by the executive committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

Independent auditors' report

To the members of

Law Centres Federation

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 of the state of the charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the executive committee's annual report is consistent with the financial statements

Judith Miller
Senior Statutory Auditor
for and on behalf of Sayer Vincent, Statutory Auditors

SAYER VINCENT
8 Angel Gate
City Road
LONDON
EC1V 2SJ

19 October 2010

Law Centres Federation

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2010

	Note	Restricted £	Unrestricted £	2010 Total £	2009 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2a	6,500	102,744	109,244	103,641
<i>Incoming resources from charitable activities</i>					
Direct service provision	2b	1,067,569	45,994	1,113,563	908,856
Other incoming resources	2b	<u>9,837</u>	<u>10,918</u>	20,755	<u>16,824</u>
Total incoming resources		<u>1,083,906</u>	<u>159,656</u>	1,243,562	<u>1,029,321</u>
Resources expended					
<i>Costs of generating funds</i>					
Cost of generating voluntary income		-	19,421	19,421	9,736
<i>Charitable activities</i>					
Direct service provision		1,077,597	35,206	1,112,803	903,279
Governance costs		<u>-</u>	<u>53,591</u>	53,591	<u>49,578</u>
Total resources expended	3	<u>1,077,597</u>	<u>108,218</u>	1,185,815	<u>962,593</u>
Net incoming resources	4	6,309	51,438	57,747	66,728
Funds at the start of the year		<u>84,143</u>	<u>93,830</u>	177,973	<u>111,245</u>
Funds at the end of the year		<u>90,452</u>	<u>145,268</u>	235,720	<u>177,973</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 10 to the financial statements.

Law Centres Federation (limited by guarantee)

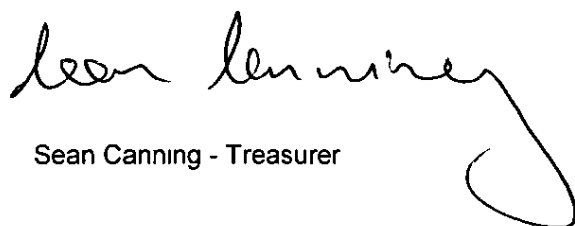
Company number: 2433492

Balance sheet

As at 31 March 2010

	Note	2010 £	2009 £
Tangible fixed assets	7	-	-
Current assets			
Debtors	8	107,370	21,957
Cash at bank and in hand		<u>336,930</u>	<u>388,535</u>
		444,300	410,492
Creditors: amounts falling due within one year	9	<u>208,580</u>	<u>232,519</u>
Net current assets		<u>235,720</u>	<u>177,973</u>
Net Assets		<u>235,720</u>	<u>177,973</u>
Funds	10		
Restricted funds			
In surplus		93,900	84,143
In deficit		(3,448)	-
Unrestricted funds			
General fund		<u>145,268</u>	<u>93,830</u>
Total funds		<u>235,720</u>	<u>177,973</u>

Approved by the executive committee on 11 October 2010 and signed on its behalf by



Sean Canning - Treasurer

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005).
- b) Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when receivable. Intangible income is recognised as an incoming resource where the provider of the service has incurred a financial cost. Volunteer time is not included in the financial statements.
- c) Subscription income from Law Centre members is recognised in the year which it relates to.
- d) All other grants are recognised in full in the statement of financial activities in the year in which they are receivable.
- e) Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted fund. Where a fixed asset is donated to the charity for its own use, it is treated in a similar way to a grant.
- f) Gifts in Kind reflect the costs of premises, catering and staff support from Law Firms to promote seminars, training and advice sessions conducted by Law Centres Federation.
- g) Resources expended are recognised in the period in which they are incurred. Resources expended include irrecoverable VAT.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity:

Direct service provision	94%
Cost of generating voluntary income	1.50%
Governance	4.50%

Governance costs include the management of the charity's assets, organisational management and compliance with constitutional and statutory requirements.

- h) The costs of generating voluntary income relate to the costs incurred by the charity in raising funds for the charitable work.
- i) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value on a straight line basis over its expected useful life. The useful lives are as follows:

Computer equipment	4 years
Office equipment	4 years

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

1. Accounting policies (continued)

- j) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Income from contracts for the development of new Law Centres is considered to be restricted where the contract specifies that assets and funds remaining on the project at the point of legal separation from LCF are to be transferred to the developed Law Centre.
- k) Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity.
- l) Designated funds are unrestricted funds, designated for a particular purpose by the executive committee.
- m) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.
- n) The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pensions costs represent contributions payable under the scheme other than for the payment of those contributions calculated at 5% of gross pay.

2a. Voluntary Income

	Restricted £	Unrestricted £	2010 Total £	2009 Total £
Subscriptions from law centre members	-	102,744	102,744	99,841
Legal Services Commission	-	-	-	-
Law firm donations	6,500	-	6,500	3,800
	<u>6,500</u>	<u>102,744</u>	<u>109,244</u>	<u>103,641</u>

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

2b. Direct service provision

	Restricted £	Unrestricted £	2010 Total £	2009 Total £
Legal Services Commission	166,000	-	166,000	166,000
Total Legal Services Commission	166,000	-	166,000	166,000
London Councils Transition	-	-	-	12,535
London Councils Policy & Voice	89,984	-	89,984	53,126
London Councils 2nd Tier	35,000	-	35,000	-
London Councils Employment Tribunal	233,128	-	233,128	168,952
Total London Councils Grants	358,112	-	358,112	234,613
Big Lottery Fund - Working Together for Advice	329,112	-	329,112	293,827
City Parochial Foundation	-	-	-	12,500
City Bridge Trust	36,000	-	36,000	31,500
Equalities and Human Rights Commission	27,000	-	27,000	35,666
Big Lotteries Fund - BASIS	46,348	-	46,348	35,116
Barrings Foundation	50,000	-	50,000	12,625
European Union	54,997	-	54,997	31,850
Progress 2	-	-	-	-
Progress 1	-	-	-	-
Citizens Advice Bureau	-	-	-	2,927
Training fees	-	2,880	2,880	3,140
Gifts in Kind	-	36,662	36,662	37,107
Annual conference	-	6,452	6,452	11,985
Total	1,067,569	45,994	1,113,563	908,856
Other income				
	Restricted £	Unrestricted £	2010 Total £	2009 Total £
Sundry	9,837	10,378	20,215	15,129
Interest	-	540	540	1,695
Total	9,837	10,918	20,755	16,824

Law Centres Federation**Notes to the financial statements****For the year ended 31 March 2010**

2c. London Councils Grant (formerly ALG)

Funding was received from the London Councils Grants Committee for the London Unit. The following table illustrates what the money was awarded for and that it was used for these purposes

	2010		2009		2008	
	Grants £	Spend £	Grants £	Spend £	Grants £	Spend £
	358,112	-	234,613	-	85,876	-
Salaries	-	68,238	-	46,523	-	66,496
Accommodation	-	8,632	-	3,300	-	4,329
Training Costs & Staff Training	-	2,599	-	3,624	-	4,866
Other direct costs	-	9,602	-	9,701	-	11,031
PR/events	-	6,446	-	2,101	-	1,086
Support costs	-	21,640	-	1,323	-	1,925
Law Centre Payments		220,759		165,531		
Total	358,112	337,916	234,613	232,103	85,876	89,733

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

3. Total resources expended	Cost of generating voluntary income £	Direct Service Provision £	Support Cost £	Governance cost £	2010 £	2009 £
Staff costs (note 5)	13,503	495,278	8,049	19,241	536,071	450,309
Other staff costs	461	45,688	438	-	46,587	42,562
Premises costs	479	42,255	1,054	-	43,788	32,042
Communication & office costs	683	67,759	1,715	-	70,157	52,868
Gifts in kind	-	36,662	-	-	36,662	37,107
Insurance	14	1,400	50	-	1,464	1,521
Legal and professional fees	127	60,558	260	-	60,945	28,886
Audit and other fees	-	-	-	12,127	12,127	14,594
Bank charges	4	353	12	-	369	308
Recruitment costs	49	4,805	82	-	4,936	4,812
Publications	315	31,165	153	-	31,633	26,754
Publicity	113	11,162	379	-	11,654	16,341
Conferences	146	14,498	755	-	15,399	17,140
Management and other meetings	533	4,775	21	10,257	15,586	14,982
Training and consultancy	490	48,463	175	-	49,128	24,708
Depreciation	-	-	-	-	-	1,230
Website Development	20	1,975	105	-	2,100	251
Employment Tribunals and other transfers to Law Centres	2,258	223,501	-	-	225,759	172,706
Project Costs	64	6,315	(1,409)	-	4,970	1,754
Relocation	42	4,160	221	-	4,423	-
Bad debts expense	-	-	-	11,398	11,398	21,718
Housekeeping	5	639	13	2	659	-
Total resources expended	19,306	1,101,411	12,073	53,025	1,185,815	962,593
Support Costs	115	11,392	(12,073)	566	-	-
Total resources expended	19,421	1,112,803	-	53,591	1,185,815	962,593

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

4 Net incoming resources for the year

This is stated after charging	2010 £	2009 £
Depreciation	-	1,230
Executive Committee's remuneration	-	-
Executive Committee's reimbursed expenses	981	3,302
Auditors' remuneration		
▪ audit	8,775	7,688
▪ Under accrual for previous year	-	3,121
▪ other services	3,352	3,784
Operating lease rentals		
▪ property	35,020	28,192
▪ other	5,212	2,104

Executive Committee's reimbursed expenses represents the reimbursement of travel and subsistence costs to 8 (2009 8) members relating to attendance at meetings of the executive committee

5. Staff costs and numbers

Staff costs were as follows	2010 £	2009 £
Salaries and wages	469,826	391,919
Social security costs	44,828	39,487
Pension contributions	21,417	18,903
	<u>536,071</u>	<u>450,309</u>

No employee earned more than £60,000 during the year

The average weekly number of employees (full-time equivalent) during the year is as follows

	2010 No.	2009 No
Fundraising	0.4	0.1
Direct service provision	11.7	11.0
Support	0.1	0.1
Governance	0.5	0.6
	<u>12.7</u>	<u>11.8</u>

Staff have been allocated to areas of work where they spend most time

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

6 Taxation

All income is charitable and applied for charitable purposes only and thus is exempt from corporation tax

7 Tangible fixed assets

	Computer equipment £	Office equipment £	2010 Total £
Cost			
At the start of the year	<u>18,391</u>	<u>16,368</u>	<u>34,759</u>
At the end of the year	<u>18,391</u>	<u>16,368</u>	<u>34,759</u>
Depreciation			
At the start of the year	<u>18,391</u>	<u>16,368</u>	<u>34,759</u>
At the end of the year	<u>18,391</u>	<u>16,368</u>	<u>34,759</u>
Net book value			
At the end of the year	<u>-</u>	<u>-</u>	<u>-</u>
At the start of the year	<u>-</u>	<u>-</u>	<u>-</u>

8. Debtors

	2010 £	2009 £
Grants receivable	84,400	-
VAT	65	611
Accrued income	<u>22,905</u>	<u>21,346</u>
	<u>107,370</u>	<u>21,957</u>

9. Creditors' amounts due within 1 year

	2010 £	2009 £
Trade creditors	32,477	33,342
Taxation and social security	12,095	11,793
Accruals	67,974	34,122
Deferred Income	50,875	118,644
Employer pension contributions	25,772	21,388
Amount held on behalf of Law Centres	6,156	-
Other creditors	<u>13,231</u>	<u>13,230</u>
	<u>208,580</u>	<u>232,519</u>

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

9A. Movement in deferred income

	2010	2009
	£	£
Brought Forward	118,644	59,700
Released in the year	<u>(118,644)</u>	<u>(59,700)</u>
Deferred in the Year:		
Allen & Overy (YPP)	13,500	-
Baring Foundation Grant	37,375	37,375
European Commission	-	33,902
City Bridge Trust	-	11,250
Big Lottery Fund	-	9,808
London Councils Employment Tribunals Grant	<u>-</u>	<u>26,309</u>
	50,875	118,644
Carried Forward	<u>50,875</u>	<u>118,644</u>

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

10. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds					
Direct service provision					
Directorate	150	166,000	165,298	-	852
London Councils - P&V	-	89,984	82,525	-	7,459
London Councils Employment Tribunal	2,510	233,128	223,402	-	12,236
London Councils- 2nd Tier	-	35,000	31,988	-	3,012
Young Persons Legal Advice in London	15,216	36,000	32,513	-	18,703
The Case for London Research Project	1,665	-	-	-	1,665
Working Together for Advice	28,947	338,949	332,271	-	35,625
Equality and Human Rights 2nd Tier Support	-	27,000	30,300	-	(3,300)
BASIS project	5,986	46,348	43,322	-	9,013
Strengthening the Law Centres Model	337	50,000	50,002	-	335
Everyone is Equal	23,643	54,997	79,476	689	(147)
Progress1	689	-	-	(689)	-
LCF Annual Conference	-	6,500	6,500	-	-
North Wales steering group	5,000	-	-	-	5,000
Total restricted funds	84,143	1,083,906	1,077,597	-	90,452
Unrestricted funds					
General fund	93,830	159,656	108,218	-	145,268
Total funds	177,973	1,243,562	1,185,815	-	235,720

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

10. Movements in funds (continued)

Purposes of restricted funds

Direct service provision

Directorate - this fund represents the restricted components of grants given towards central staff salaries and related costs. The funding is provided by the Legal Services Commission.

London Councils Policy & Voice - this fund is for costs related to work done by the Law Centres Federation in London. It is funded by the London Councils, formerly the Association of London Government (ALG).

London Councils Employment Tribunal - The Law Centres Federation manages the London Law Centres Employment Tribunal Project on behalf of 14 London Law Centres. The Law Centres Federation is the fund holder for the project and distributes funding to provide Employment Tribunal Representation on a Pan London basis.

London Councils - 2nd Tier - London Councils provided funds to enable the Law Centres Federation to make the smooth transition from the original grant funding to Commissioned Services. This was necessary due to a time lag in new funding coming on stream.

Young Peoples Legal Advice in London - funding received from City Bridge Trust (formerly Bridge House Estates Trust) to employ a Project Manager to develop Young Peoples Legal Advice in London.

The Case for London Research Project - funding was received from the City Parochial Foundation for a part time Policy and Research Officer for the London Unit to assist Law Centres with information and research to enable them to meet the challenges of the year ahead.

Working Together for Advice - is funded by the Big Lottery Fund (BLF) as part of a consortium of advice networks (including Citizen's Advice, Age Concern, Youth Access, and Advice UK, under the aegis of the Advice Services Alliance) to deliver improved outcomes.

Equalities and Human Rights 2nd Tier Support - Funding for this project was provided by the Equality and Human Rights Commission, the work commenced on 1 October 2009 and is for 18 months. The purpose of the project is to provide second tier support to Law Centres and to facilitate their strategic casework in the area of Equality and Human Rights.

BASIS project - the Big Lottery provide funds for training and development support to the Management Committees of Law Centres.

Strengthening the Law Centres Model - Funds have been provided over 4 years commencing 1 January 2009 from the Barings Foundation to strengthen the independence of Law Centres and to further develop and strengthen the Law Centre model of service delivery to vulnerable and disadvantaged communities.

Everyone is Equal - A one year project funded by the European Commission commencing on 1 November 2008 and concluded on 31 October 2009. Its purpose was to improve awareness of Equalities, Discrimination and Human Rights in England and Scotland. The project is coordinated by LCF with public legal education events provided by 6 partners.

Law Centres Federation

Notes to the financial statements

For the year ended 31 March 2010

10. Movements in funds (continued)

Purposes of restricted funds (continued)

Direct service provision (continued)

Progress 1 - A one year project funded by the European Commission which ended on 31 October 2008. The project was conducted jointly by the Federation, Citizens Advice Bureaux, and other Advice Organisations to develop skills in the area of Discrimination and Human Rights.

LCF Annual Conference - funds contributed by members and sponsors towards the cost of the 2007 annual conference.

North Wales steering group - this fund is money held for North Wales steering group given by the Law Society Trust in the year ending 31 March 2002.

11. Operating lease commitments

The charity had annual commitments at the year end under operating leases expiring as follows

	Property		Equipment	
	2010	2009	2010	2009
	£	£	£	£
1 - 2 years	35,000	30,500	-	-
2 - 5 years	-	-	5,212	2,104
	<u>35,000</u>	<u>30,500</u>	<u>5,212</u>	<u>2,104</u>