

**Free
Representation
Unit**

**Annual Report and Financial
Statements**

31 March 2017

Charity Registration Number
295952

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Legal and administrative information

Patrons	The Rt Hon Lady Justice Arden The Rt Hon Lady Black The Rt Hon Sir Henry Brooke The Rt Hon Lord Browne-Wilkinson The Rt Hon Lord Clarke of Stone-cum-Ebony The Rt Hon Lady Justice Hallett The Rt Hon Lord Judge The Rt Hon Lord Phillips of Worth Matravers
Trustees	Sean Jones QC (Joint senior trustee) Michael Fealy QC (Joint senior trustee) Fenella Morris QC
Management committee in the period from 29 October 2015 to 27 October 2016	Adam Ross (Chair) Clara Browne (Secretary) Andrew Watson (Treasurer) Allison Crabtree Howard Leithead Keileigh Pink James Quelch Lorna Reid (Ex officio as Interim Chief Executive Officer, from 21 December 2015)
Management committee in the period from 27 October 2016	Andrew Watson (Chair) Patrick Tomison (Secretary) Hannah Lewis (Treasurer) Gemma Daly Howard Leithead Patrick Lyons Rachel Sullivan Lorna Reid (Ex officio as Chief Executive Officer) David Abbott (Ex officio as Chief Executive Officer)
Chief Executive	David Abbott (From 5 June 2017) Lorna Reid (To 11 April 2017)
Registered address	5th Floor Kingsbourne House, 229-231 High Holborn, London, WC1V 7DA
Telephone	020 7611 9555
Website	www.thefru.org.uk

Legal and administrative information

Charity registration number	295952
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Unity Trust Bank plc 9 Brindley Place Birmingham B1 2HB

For the second year running FRU saw a substantial increase in the number of referrals received. Referrals rose from 1607 in 2015/16 to 1937 in 2016/17.

This increase was driven by the continued rapid rise in Social Security referrals. These have almost doubled from 787 in 2014/15 to 1469. We believe that this increase is linked to the decline in the capacity of front-line services to assist, particularly with representation.

We have done our best to respond to this need, increasing the number of social security cases we represent in from 403 in 2014/15 to 457 in 2016/17. We are therefore assisting 13% more social security clients than we did two years ago. Nonetheless demand considerably outstrips our resources to help. Only 31% of Social Security referrals found assistance through us this year, compared with 51% two years ago. We have applied for additional grant funding to increase our capacity to train and supervise volunteers. We hope this will allow us to continue to represent more people and ultimately reverse the downward trend in representation rates.

Employment referrals remain at a historically low rate, following the introduction of tribunal fees. We received only 368 referrals in 2016/17, which were supplemented by an additional 99 cases from our self-referral scheme. We represented 178 clients, 50 of whom came to us directly through self-referral.

Self-referral, supported by Trust for London funding of an Assistant Legal Officer post, therefore represents an increasingly important part of our work. In the face of reduced front-line capacity, it is a valuable way for clients with shorter, more straightforward cases to access FRU's help. We expect to build upon this success in the future and are also developing projects in partnership with both the Legal Action Group and Your Employment Settlement Service to increase access to FRU. This should significantly increase the number of employment clients we are able to assist.

FRU maintained our high standards of advocacy and support to our volunteers despite having the upheaval of a move of office to our current premises in High Holborn. My thanks go to all the staff, management committee members and volunteers who assisted with the move. Our new office remains highly accessible to our volunteers and to our clients who travel in to central London on public transport.

The work which FRU does both depends on and benefits our volunteer representatives. They provide greatly-needed assistance to clients in need, and obtain the unrivalled experience of arguing a real-life case when, for the vast majority of them, they are still at law school. We are grateful to all the volunteers who took on cases this year, and we hope that they found the experience to be a rewarding one.

I received the news that our interim Chief Executive, Lorna Reid, had been appointed as the Chief Executive of Kensington & Chelsea Citizens Advice Bureau with mixed feelings. I was pleased for Lorna but of course sorry that FRU would lose her expertise in leading the organisation and as a highly respected legal officer. Lorna left FRU just at the end of the period covered by this annual report and our achievements over the past couple of years are due in no small measure to Lorna's drive and knowledge of our sector. I wish her well and welcome her replacement, David Abbott.

Chair's report Year to 31 March 2017

I wish to express my thanks also to the other members of the management committee and the trustees, who give their time freely to assist in the running of FRU, and to our staff, whose dedication and hard work form the backbone of the organisation.

FRU's work

The following tables demonstrate the large numbers of people that FRU reaches through the two strands of our charitable objectives. Over 600 people received support and representation by our volunteers and staff, although the number of cases represented in 2016/17 fell slightly from 2015/16. Demand for FRU's high quality training days remains high and over 1000 students attended over 6 days in 2016/17, but we took the decision to cap the number of those attending to ensure that we could accommodate those who wished to go on to volunteer. These figures are very encouraging and hopefully show that FRU continues to provide a good service to its main users – clients in need of representation and volunteers who want to gain valuable advocacy experience.

	Year to 31 March 2017		Year to 31 March 2016	
	Cases taken	% of cases referred	Cases taken	% of cases referred
Employment (includes self-referral)	178	38	245	49
Social Security	457	31	408	37
Criminal Injuries Compensation	0	0	1	33
	635	32	654	41

Volunteer representatives

Training Day Attendance

	Year to 31 March 2017	Year to 31 March 2016
Employment	379	383
Social Security	688	785

Nottingham

FRU Nottingham is the only FRU branch outside of London and represents clients in both employment and social security claims. We also deal with Upper Tribunal appeals for social security cases. FRU Nottingham represented 63 clients in social security hearings and 19 clients in employment hearings during 2016-17. This year has also seen the introduction of two Legal Assistants at FRU Nottingham, Brogan Roache and Callum Scott, who have successfully represented a large proportion of our FRU clients during 2016-17. FRU Nottingham covers tribunal hearings across the East Midlands but predominantly deals with hearings in Nottingham. FRU Nottingham is part of the Nottingham Law School Legal Advice Centre, which, in 2016, won the Access to Justice Foundation award for innovative work and the award for Best Contribution by a Law School at the LawWorks & Attorney General Student Pro Bono Awards.

Supporters

FRU is exceptionally fortunate with the support that it enjoys from all parts of the legal profession, particularly from the Bar.

The Bar Council

Our thanks go to Chantal-Aimée Doerries QC, Chairman of the Bar Council in 2016, and Andrew Langdon QC, Chairman in 2017, for the Bar Council's continued support. The grant provided by the Bar Council is the bedrock of FRU's funding and makes a major contribution to our financial stability.

The Inns of Court and the Inns of Court and the Bar Educational Trust

All four Inns of Court support our work by providing grants towards our work and by promoting our activities with their student members. We are very grateful to them for this. Our position as a charity with educational objectives complements the Inns of Court and the Bar Educational Trust and we recognise the enormous benefits of working closely together. We thank them too for their donation.

Support from Associations

The London Legal Walk continues to go from strength to strength and we are greatly indebted to the team at the London Legal Support Trust for the work they put in to making this event such a success. This year our supporters once again donned FRU t-shirts to walk in our team. We are also grateful to all the walkers and the barristers' chambers who raised money for the general funds, part of which go to support FRU.

We enjoy a fruitful relationship with the Employment Lawyers Association (ELA) and have continued to work with them on facilitating the 100 Days scheme. This year we have also enjoyed supporting the Employment Tribunal Litigant in Person Support (ELIPS) scheme. Our thanks go to Sophie Roberts, Ruth Badrick and Cyril Dennemont for maintaining the link with the ELA Pro Bono Committee.

Chambers

Much of our support comes from barristers' chambers. We attract support from across the Bar and are very grateful both for the fundraising events in our name and for the regular contributions we receive. Two sets of chambers – 5 Raymond Buildings and 12 King's Bench Walk – have annual quiz nights in support of FRU and the Bar Pro Bono Unit.

Our 'Friends in Law' scheme is run jointly with the Bar Pro Bono Unit and acknowledges those chambers who have given over £1,000 to both FRU and the Bar Pro Bono Unit.

This year our Friends in Law are:

- ◆ Devereux Chambers
- ◆ 12 King's Bench Walk
- ◆ Keating Chambers
- ◆ 3 Verulam Buildings
- ◆ 5RB

Supporters (continued)

Chambers (continued)

Our Platinum Friends in Law are:

- ◆ 11KBW
- ◆ One Crown Office Row
- ◆ One Essex Court
- ◆ 3-4 South Square

In recognition of their significant financial contributions to both charities.

Linklaters LLP

FRU has developed an excellent relationship with Linklaters and was delighted to host a Linklaters trainee, Jessie Ingle, for six months in 2016. We are very grateful to Ben Carroll who sits with our board of trustees and provides us valuable advice and support. Linklaters is also extremely generous in its financial support, being the largest donor among firms and chambers.

Individuals

We are very grateful for the efforts of individual fundraisers who raise money for us.

We had five runners in the London Marathon in April 2016 whose fundraising efforts are very much appreciated: Alex Carington, Katherine Eddy, Emma Judd, Michael Reed and John-Paul Swoboda.

The popular Walk the Thames event was taken up on behalf of FRU by Francesca Kirby, Zafreen Chowdhury, Raz Khosrovi and Dale Timson.

We are also grateful to the authors of legal books who kindly donate their royalties to FRU, including Naomi Cunningham and Michael Reed for *Employment Tribunal Claims: Tactics and Precedents* and Jonathan Kirk QC for *Modern Financial Regulation*.

Other support

FRU is indebted to the Attorney General for his role in the leadership of pro bono in the legal profession. We have also enjoyed the support and cooperation of many pro bono organisations, not least the Bar Pro Bono Unit and other members of the Attorney General's pro bono organising committee.

Many members of the legal profession have helped us in a variety of ways during the year, publicising our work, providing pro bono advice and support or taking on a case that is beyond our experience. They include:

Sasha Blackmore	Landmark Chambers
Samantha Broadfoot	Landmark Chambers
Tim Buley	Landmark Chambers
Anne Fairpo	Temple Tax Chambers

Supporters (continued)

Other support (continued)

David Forsdick QC	Landmark Chambers
Matthew Fraser	Landmark Chambers
Admas Habteslasie	Landmark Chambers
Jack Holborn	39 Essex Chambers
Mark Humphreys	Littleton Chambers
David Reade QC	Littleton Chambers
Adam Ross	Old Square Chambers
Sally Robertson	Cloisters
Tom Tabori	39 Essex Chambers
Benjamin Tankel	39 Essex Chambers
Sarah Wilkinson	Blackstone Chambers

We could not run our volunteers' training days without the help of speakers who have given up parts of their weekends to speak at our training days:

Sally Robertson	Cloisters
Celia Rooney	Blackstone Chambers
Gemma Daly	Bar student
Desmond Rutledge	Garden Court Chambers
Ella Davis	1 Chancery Lane

Our main website was designed and is maintained and hosted by New Digital Partnership at no cost whatsoever to us and we are greatly indebted for the donation of their expertise.

There are many people whose help is not always obvious, but without their help, our work would be more difficult. The efforts of chambers' clerks help to make so much happen behind the scenes. We are grateful also to the many Tribunal judges and the staff from HM Courts and Tribunals Service for their assistance, support and patience.

But our greatest help comes from our very own volunteer representatives, who are professional, dedicated and loyal and who put in thousands of hours on their clients' cases. We simply would not exist without them.

Staff

None of the fantastic work of the Unit could have happened without the excellent work of the staff. Our staff members during 2016/2017 were:

Interim CEO	Lorna Reid
Principal Legal Officers	Michael Reed Emma Baldwin

Chair's report Year to 31 March 2017

Staff (continued)

Assistant Legal Officer	Gemma Daly (to September 2016) Deborah Acquaah (from October 2016) Abou Kamara (part time from February 2017)
Assistant Legal Officer & Self-referral Coordinator	Rachel Sullivan (to September 2016) Francesca Kirby (from September 2016)
Office Manager	Sharon Sneddon (on maternity leave from 15 September 2017) Lobna Rahman (maternity cover from 29 August 2017)
Administrators	Deborah Acquaah (to October 2016) Ryan Valmont (from September 2016)
Accountant (part-time)	Bosede Babalola

The past and the future

2017 marks 45 years since FRU was created by a small number of dedicated law students who identified a need and organised themselves to meet it. We hope to mark this important anniversary during the year in several ways. Junior lawyers still steer FRU, which ensures that we remain true to our charitable objectives. Although we value that connection to the past we must also ensure that FRU adapts the way we work to remain relevant. Our case files are still paper based and some systems are not efficient. We want to further improve the experience of our referring agencies, our volunteers and our clients. During the year we were fortunate to secure funding from Access to Justice, Legal Education Foundation and Allen and Overy to develop a digital strategy. This will create a series of integrated digital hubs that will amongst things:

- ◆ Speed up referrals and enable referral agencies to receive continual case updates
- ◆ Offer greater flexibility for volunteers in how they can access training and support
- ◆ Help us to give better information and support to our clients
- ◆ Ensure information security whilst enabling remote working for staff and volunteers
- ◆ Enable FRU to engage with the digitisation of the justice system

FRU will now seek the funds to implement this strategy over the coming twelve months so that we put ourselves in the best position to sustain the next 45 years of service to the public and the legal profession.

Signed:

Andrew Watson, Management Committee Chair

Date

The trustees present their report together with the financial statements of The Free Representation Unit ("FRU" or "the Unit") for the year ended 31 March 2017. This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 22 of the attached financial statements and comply with the Unit's constitution, the law and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015.

OBJECTIVES AND ACTIVITIES

What we do

FRU provides free representation in Employment, Social Security and a small number of Criminal Injuries Compensation tribunals using trained volunteers. FRU's aims are to:

- ◆ provide advice and representation before tribunals for those who could not afford representation and for which legal aid is not available; and
- ◆ train and develop the skills of law students and graduates and lawyers at the start of their careers.

FRU is based in London and the majority of our cases are from the Greater London area. We also have a small branch in Nottingham. We are one of the largest single providers of free advocacy in the United Kingdom.

Applicants to the Tribunal

Every year, thousands of people apply to have their case heard by Employment and Social Security Tribunals. These tribunals make decisions about matters that affect the very basic economic and social realities of the lives of often vulnerable people. Entitlement to benefits, decisions about fitness to work, protection from unfair treatment and remedies where an employee has faced discrimination are only a few of the matters these tribunals deal with.

Although the decisions these tribunals make can affect the economic and emotional health of the applicants, legal aid or other public funding is not available for representation. When they were established, tribunals were intended to be informal allowing claimants to represent themselves; the reality is most applicants do not understand the basic principles of the law relevant to their case and many would struggle to represent themselves.

OBJECTIVES AND ACTIVITIES (continued)

FRU Volunteers

FRU was founded in 1972 by Bar Students who wanted to provide aspiring lawyers with real experience of advocacy and who wanted vulnerable claimants to have free representation. 45 years on, FRU provides more than 1,000 training places annually for potential volunteers who are law students and graduates and junior lawyers from both branches of the profession, who gain valuable experience of client handling, case management and advocacy in a real court.

Public benefit

FRU is such a successful project because it provides a benefit for all concerned: the applicant has representation, the representative gains vital experience of advocacy and the tribunal is assisted by the applicant being represented.

- ◆ Clients who cannot afford a lawyer benefit financially when they win their cases.
- ◆ Clients benefit from having their case professionally presented. Tribunal judges tell us that clients' cases are improved by being presented by a FRU volunteer.
- ◆ Respondents benefit if the opposing party is represented as the issues are likely to be more clearly presented.
- ◆ Hearings run more smoothly and effectively when the claimant is represented.
- ◆ Volunteers receive training and acquire experience that is focused and relevant.
- ◆ The reputation of the justice system is enhanced as a result.

The trustees are of the view that we provide a public benefit on each of the ways set out under 'What we do' and that, having regard to the Charity Commission's guidance, the Unit provides a public benefit.

ACHIEVEMENTS AND PERFORMANCE

The trustees note with pride the performance figures set out by Andrew Watson in his report above. FRU continues to enjoy the support of over 200 referral agencies across the south east, who recognise FRU's high standards and dedication to our clients. FRU also enjoys the support of many individual members of the Bar, chambers and other legal and charitable institutions who recognise both our work for our clients but also the crucial role that FRU plays in developing the next generation of lawyers. As we enter our 45th year, FRU is well respected and continuing to meet its charitable objectives.

ACHIEVEMENTS AND PERFORMANCE (continued)

We recognise the large increase in social security referrals. Although it is welcome that we have represented 13% more of these cases over the last 2 years, as the number of referrals goes up we cannot increase our representation rate to match. Our capacity to represent is constrained by the amount of office space to host volunteers and by the number of hours of supervision and support time available. To address these issues we are applying for funding to increase supervision and support and our digital strategy will decrease the reliance on volunteers having to attend the office in order to undertake casework.

During 2016-17 employment case referrals remained at a historically low level. The cause of that was the introduction of fees for Employment Tribunal hearings. On 26 July 2017 in the case of R (on the application of UNISON) v Lord Chancellor the Supreme Court declared this fee regime unlawful. We fully expect this decision to lead to a large increase in employment referrals and the trustees, management committee and the staff will identify how we can work with partners to meet this challenge.

In the meantime the following quotes illustrate the value of both parts of FRU's work:

"Won a PIP (Personal Independence Payment) appeal for a client with a personality disorder, anxiety and depression. The client had scored zero points in his initial assessment. The tribunal awarded 10 points [thus qualifying the client for the standard rate]. The client was very grateful." – FRU volunteer.

"Won my first case! Client cried tears of joy!" – FRU volunteer.

"Thank you so much for all your time, hard work, expertise and support over all these years. Without FRU I could not have continued the battle for so long, let alone won it!...I feel vindicated – and the money will be very helpful!" – FRU client.

"Upper Tier Judge Jacobs in the decision recorded; "My gratitude to the FRU...The Administrative Appeals Chamber very much appreciates that assistance." – FRU volunteer.

"Tribunal judge said that the work the FRU does is fantastic." – FRU volunteer.

"Tribunal judge said that submissions were "exceptionally helpful." – FRU volunteer.

FINANCIAL REVIEW

Results for the year

Income for the year was £444,070 (2016: £396,817). Expenditure totalled £444,366 (2016: £409,236). This results in net loss position of £296 (2016: £12,419).

Reserves policy and financial position

It is the policy of the trustees to ensure that the organisation maintains adequate free reserves to meet its charitable obligations while maintaining adequate reserves to allow operations to continue if there is a short term downturn in income or increase in expenditure. The trustees consider that it would take three to six months to identify a material change of this nature and to find the necessary funds or adjust expenditure, and that therefore reserves of at least three months expenditure are necessary. This equates to approximately £125,000.

The balance sheet shows total reserves of £230,981 (2016: £231,277) of which £36,530 (2016: £23,295) is restricted.

Unrestricted reserves are thus £194,451 (2016: £207,982). After deducting those unrestricted reserves that are represented by tangible fixed assets and are therefore not readily available to meet expenditure or are designated for a particular purpose, free reserves are £126,469 (2016: £192,954) they are thus within the desired range of free reserves.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Organisation

The Free Representation Unit is an unincorporated body, registered with the Charity Commission. It is governed by a constitution dated 31 March 2005 and revised on 25 March 2010. The Unit is run by a Management Committee consisting of representatives who are elected from the body of volunteers who carry out the work of the Unit together with the Chief Executive.

The assets of the Unit are vested in the trustees, who are appointed by the Chairman of the Bar Council. The appointment of a trustee by the Chairman of the Bar Council occurs after consultation with the Management Committee of the Unit and the General Management Committee of the Bar Council. The trustees are appointed for a period of four years but are eligible for reappointment. Only a member of the Bar or a judge may be appointed as a trustee.

Key management personnel

The trustees consider that they together with the Chief Executive comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The salary of the Chief Executive is set by the trustees, who ensure that it is broadly in line with comparable roles.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management

The management committee regularly considers the major risks to which the Unit is exposed, prioritises those risks, reviews the extent to which they are and can be managed and, in the light of that work, considers what further management actions are required. The trustees oversee this work.

The key risks to the organisation are changes that reduce the flow of referrals, volunteers or income. These risks can be generated by changes in government policy or through FRU's inability to meet client, referral agency or volunteer expectations.

Changes in policy and tribunal procedures can impact on the number of cases the charity receives in the office. If there are not sufficient cases the charity is unable to satisfy the number of volunteers it recruits. To recruit fewer volunteers impacts on the charity's income from training.

To mitigate these risks the charity undertakes a range of actions including regularly reviewing trends in the number, type and source of referrals, reviewing other areas of law and legal representation which could be taken on, reviewing channels for referrals, gathering information about referral agency, client and volunteer satisfaction, ensuring that all expenditure provides value for money and identifying ways of working that meet need and provide assurance to funders that FRU is efficient and effective. An example of the effectiveness of this risk mitigation is the development of the digital strategy to meet the needs of all stakeholders over the next five to ten years.

Trustees

The following trustees were in office at the date of approval of the financial statements and served throughout the year ended 31 March 2017.

Trustee

Michael Fealy QC (Joint senior trustee)

Sean Jones QC (Joint senior trustee)

Fenella Morris QC

The Chairman of the General Council of the Bar (Bar Council) appoints the trustees of FRU.

It is our policy, on the appointment of a new trustee or a new member of the Management Committee, to check that they are conversant with the relevant provisions of charity law and that they are sufficiently familiar with the workings of FRU. In most cases, they are conversant, but, where necessary, briefings are provided.

The Unit's patrons lend their support where it is helpful. They have no role in the governance or management of the Unit.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Signed on behalf of the trustees:

Sean Jones QC
Joint Senior Trustees

Michael Fealy QC

Date:

Independent auditor's report to the trustees of the Free Representation Unit

We have audited the accounts of the Free Representation Unit for the year ended 31 March 2017, which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the trustees, as a body, in accordance with Section 145 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the trustees 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 charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out in the Trustees' Report, the trustees are responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditors under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Chair's report and the trustees' report to identify material inconsistencies with the audited accounts and to identify any information which is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Income from:					
Donations	1	299,878	64,170	364,048	326,536
Investments		57	—	57	436
Charitable activities					
. Legal representation of those in need	2	79,965	—	79,965	69,845
Total income		379,900	64,170	444,070	396,817
Expenditure on:					
Raising funds					
. Raising donations	3	18,987	463	19,450	21,473
Charitable activities					
. Legal representation of those in need	3	374,444	50,472	424,916	387,763
Total expenditure		393,431	50,935	444,366	409,236
Net expenditure and net movement in funds for the year		(13,531)	13,235	(296)	(12,419)
Reconciliation of funds:					
Fund balances brought forward at 1 April 2016		207,982	23,295	231,277	243,696
Fund balances carried forward at 31 March 2017		194,451	36,530	230,981	231,277

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

All recognised gains and losses are included in the above statement of financial activities.

All income from investments was unrestricted in 2016.

Balance sheet 31 March 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	7		67,982		26,268
Current assets					
Debtors (amounts falling due after more than one year)	8	24,497		—	
Prepayments and accrued income		73,047		69,677	
Other debtors		2,365		16,052	
Cash at bank and in hand		163,685		150,088	
		263,594		235,817	
Current liabilities					
Creditors, accruals and deferred income	9	(100,595)		(30,808)	
Net current assets			162,999		205,009
Total net assets			230,981		231,277
The funds of the charity:					
Restricted funds	10		36,530		23,295
Unrestricted funds					
. Designated funds	11	67,982		15,028	
. General funds		126,469		192,954	
			194,451		207,982
			230,981		231,277

Approved by the trustees
and signed on their behalf by:

Sean Jones QC
Joint Senior Trustees

Michael Fealy QC

Date:

Principal accounting policies 31 March 2017

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 March 2017.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees and management to make significant judgements and estimates.

The only item in the accounts where these judgements and estimates have been made is in respect to estimating the useful economic life of tangible fixed assets.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income recognition (continued)

Income comprises donations, fees from the training of volunteers, subscriptions from referral agencies and investment income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donated services and facilities provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the service is provided/the facilities are used by the charity. An equivalent amount is included as expenditure.

Donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain facilities or services of equivalent economic benefit on the open market.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Fees from the training of volunteers are recognised once the course has been provided. Subscriptions from referral agencies are received for a 12 month period and are recognised over that period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes staff costs associated with fundraising, and an allocation of support costs.

Expenditure recognition (continued)

- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs, including governance costs.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs form part of the costs of the charitable activity.

Cash flow

The accounts do not include a statement of cash flow because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 102.

Tangible fixed assets

All assets costing more than £100 are capitalised.

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

- | | |
|--------------------------|-----------------------------------------------------|
| ◆ Leasehold improvements | On a straight line basis over the life of the lease |
| ◆ Office equipment | 25% on a reducing balance basis |
| ◆ Computer equipment | 33% on a reducing balance basis |
| ◆ Computer software | 33% on a straight line basis |

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Designated funds represent those monies set aside from unrestricted funds by the trustees for a specific purpose.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Pension costs

Contributions in respect to defined contribution pension schemes are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 3. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

1 Donations and other financial support

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Donations received:				
. Bar Council ¹	64,800	—	64,800	64,800
. Inns of Court	60,000	—	60,000	60,000
. Linklaters LLP	37,000	—	37,000	37,000
. Individuals	52,183	—	52,183	49,739
. Access to Justice	—	15,000	15,000	—
. Allen and Overy	—	5,000	5,000	—
. Legal Education Foundation	—	5,670	5,670	—
Employment Lawyers Association	20,000	—	20,000	20,000
London Legal Support Trust	26,586	5,000	31,586	24,341
Trust for London	—	33,500	33,500	33,500
Individuals' sponsored activities	13,025	—	13,025	11,290
Inns of Court & Bar Educational Trust	5,000	—	5,000	5,000
Clients	280	—	280	700
Income received under standing order from individuals and sets of chambers	17,050	—	17,050	17,112
Other	193	—	193	1,251
Total donations	296,117	64,170	360,287	324,733
Tax repayment under Gift Aid	3,761	—	3,761	1,803
2017 Total funds	299,878	64,170	364,048	326,536
2016 Total funds	293,036	33,500	326,536	

¹ The Chairman of the General Council of the Bar (Bar Council) appoints the trustees of FRU.

2 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Training of potential volunteers	65,385	—	65,385	56,555
Subscriptions from referral agencies	10,180	—	10,180	8,890
Payments by Law Schools ('FRU option')	4,400	—	4,400	4,400
2017 Total funds	79,965	—	79,965	69,845
2016 Total funds	69,845	—	69,845	

Notes to the financial statements 31 March 2017

3 Expenditure

	Cost of raising funds		Legal representation		Governance		Total Unrestricted £	Total Restricted £	Total 2017 £	Total 2016 £
	Unrestricted £	Restricted £	Unrestricted £	Restricted £	Unrestricted £	Restricted £				
Fundraising costs	3,350	—	—	—	—	—	3,350	—	3,350	2,837
Staff costs										
. Wages and salaries	9,643	—	186,390	25,806	3,857	—	199,890	25,806	225,696	228,397
. Social security costs	889	—	16,555	2,444	357	—	17,801	2,444	20,245	20,327
. Pension costs	596	—	4,067	774	664	—	5,327	774	6,101	3,453
. Recruitment costs	113	—	2,117	—	48	—	2,278	—	2,278	1,050
	11,241	—	209,129	29,024	4,926	—	225,296	29,024	254,320	253,227
General expenditure										
. Depreciation	250	463	4,752	8,789	—	—	5,002	9,252	14,254	13,511
. Premises	487	—	85,064	11,055	—	—	85,551	11,055	96,606	82,906
. Office running	1,982	—	34,527	992	—	—	36,509	992	37,501	30,702
. Library	587	—	9,884	381	—	—	10,471	381	10,852	11,795
. Other	1,090	—	18,542	231	—	—	19,632	231	19,863	5,768
	4,396	463	152,769	21,448	—	—	157,165	21,911	179,076	144,682
Auditor's remuneration										
. Current year audit fee	—	—	—	—	7,620	—	7,620	—	7,620	7,440
. Prior year audit fee	—	—	—	—	—	—	—	—	—	30
. Current year non audit fee	—	—	—	—	—	—	—	—	—	1,020
	—	—	—	—	7,620	—	7,620	—	7,620	8,490
Total										
Allocation of governance costs	—	—	12,546	—	(12,546)	—	—	—	—	—
2017 Total funds	18,987	463	374,444	50,472	—	—	393,431	50,935	444,366	409,236
2016 Total funds	21,137	336	353,207	34,556	—	—	374,344	34,892	409,236	

4 Staff costs and remuneration of trustees and key management personnel

No employee earned £60,000 or more (including benefits) during the current or previous year. The average number of employees was 8 (2016 – 8). No trustee received any remuneration or expenses in respect of their services as a trustee during the year (2016 - £nil). No trustee had any beneficial interest in any contract with the charity during the year.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the Chief Executive. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £24,895 (2016 - £39,980).

5 Net income (expenditure)

This is stated after charging:

	2017 £	2016 £
Staff costs	254,320	253,227
Operating lease rentals	50,766	57,588
Auditor's remuneration		
. Current year audit fee	7,620	7,440
. Prior year audit fee	—	30
. Current year non-audit fee	—	1,020
Depreciation	14,254	13,511

6 Taxation

The Free Representation Unit is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities as this falls within the various exemptions available to registered charities. FRU is not registered for VAT.

7 Tangible fixed assets

	Leasehold improvements £	Computer equipment and software £	Office equipment £	Total £
Cost				
At 1 April 2016	28,168	47,607	37,523	113,298
Additions	55,968	—	—	55,968
Disposals	(28,168)	—	—	(28,168)
At 31 March 2017	<u>55,968</u>	<u>47,607</u>	<u>37,523</u>	141,098
Depreciation				
At 1 April 2016	22,536	39,368	25,126	87,030
Charge for year	8,503	2,660	3,091	14,254
Disposals	(28,168)	—	—	(28,168)
At 31 March 2017	<u>2,871</u>	<u>42,028</u>	<u>28,217</u>	73,116
Net book values				
At 31 March 2017	<u>53,097</u>	<u>5,579</u>	<u>9,306</u>	67,982
At 31 March 2016	<u>5,632</u>	<u>8,239</u>	<u>12,397</u>	26,268

8 Debtors (amounts falling due in more than one year)

The debtor represents the deposit paid on the rent of the charity's new offices.

9 Creditors, accruals and deferred income

	2017 Total funds £	2016 Total funds £
Other creditors	18,153	2,731
Accruals	82,002	27,957
Deferred income	440	120
	100,595	30,808

10 Restricted funds

	At 1 April 2016 £	Income £	Expenditure £	At 31 March 2017 £
Trust for London	12,054	33,500	(29,024)	16,530
Office move	11,241	5,000	(16,241)	—
Digital strategy	—	25,670	(5,670)	20,000
	<u>23,295</u>	<u>64,170</u>	<u>(50,935)</u>	36,530

The Trust for London restricted fund comprises funds received towards the salary and associated costs of a Legal Officer and Self-Referral Manager.

The Office move fund comprises the net book value of fixed assets that were donated to the charity on its move to its current premises.

11 Designated funds

	At 1 April 2016 £	Income £	Expenditure and transfers £	At 31 March 2017 £
Fixed asset fund	15,028	—	52,954	67,982

The fixed asset fund represent the net book value of the charity's unrestricted fixed assets as at 31 March 2017 and has been created to reflect the trustees' belief that these assets are not readily expendable by the charity.

12 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2017 Total funds £
Fund balances at 31 March 2017 are represented by:			
Fixed assets	67,982	—	67,982
Current assets	227,064	36,530	263,594
Creditors, accruals and deferred income	(100,595)	—	(100,595)
2017 Total funds	194,451	36,530	230,981

13 Commitments

Lease commitments – operating leases

At 31 March 2017, the charity had the following future minimum commitments under non-cancellable operating leases as follows.

	2017 £	2016 £
Payments which fall due:		
. Within one year	89,088	46,588
. After one year but within five years	254,772	22,020
. After five years	—	—

14 Related party transactions

During the year the charity received no donations from trustees (2016: £400).

Other than those disclosed elsewhere in the notes to the financial statements, there were no further related party transactions during the year (2016 – none) which required disclosure.

Individual Donors

Note that some of our records are incomplete or not up to date. Would any donor whose name is incorrectly shown or omitted, or who wishes to be anonymous in future years, please accept our apologies and correct our records by contacting our office manager, Lobna Rahman; office.manager@thefru.org.uk.

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