

Report of the Trustees and
Financial Statements
for the Year Ended 31 December 2019
for
Changing Lives Together

Bennett Brooks & Co Limited
Chartered Accountants
& Statutory Auditors
St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE

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for the year ended 31 December 2019**

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**Report of the Trustees
for the year ended 31 December 2019**

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

The report also constitutes the directors' report as required by company law.

**Report of the Trustees
for the year ended 31 December 2019**

OBJECTIVES AND ACTIVITIES

Objectives and Aims

Incorporation

Changing Lives in Cheshire (charity 1139983) was incorporated on 7 October 2010 and commenced trading on the same date.

On 21 March 2019 the charity changed its name to Changing Lives Together and also adopted new Articles of Association - in preparation for the merger on 15 April 2019 with Cheshire Community Development Trust (charity 1112525).

Overview

We are a Social Enterprise committed to delivering meaningful environmental, social and community impact and making a difference to the people of Cheshire. We provide creative solutions to social and environmental issues. Structured as a charitable company, we aim to be financially sustainable through enterprise but our social impacts (the way we help change people's lives) are at the core of why we do what we do.

We work extensively within our community to support people through a variety of work, training and volunteering programmes for long term unemployed, those with learning difficulties, ex-offenders, vulnerable, disabled and the excluded and isolated. We help give back that self-esteem that is often lost when life's difficulties get on top of us.

Throughout 2019 we operated 3 retail outlets - at our Winsford Warehouse Store & Registered Office on the Winsford Industrial Estate, at our Winsford Outlet Store in the Winsford Cross shopping centre and at Changing Lives in Warrington in the Cockhedge Shopping Centre. In December we opened a further outlet: Changing Lives in Ellesmere Port in the covered market - in an exciting new partnership with 1st Enable.

We operate a network of Community Transport minibus services, providing access to the high street, leisure and other services for members of the community who might otherwise miss out. Dial-a-Ride provides a door-to-door bus services to residents of the Northwich and Winsford and Rural Rider to residents in areas where there is limited or non-existent public transport. We also coordinate a number of Voluntary community car schemes.

We have a team of Family Support Workers working in schools to help improve attendance, behaviour and achievement. They focus on early intervention, helping parents to develop the necessary coping skills and helping them to access a broad range of services. If our team can't help, they will put families in touch with somebody who can and arrange introductions.

We operate a Buddying & Befriending Scheme for those who are over 50 and experiencing loneliness. The Scheme provides comfort and support to some of the most vulnerable members of our community with a volunteer Befriender for visits and/or phone chats once or twice a week to help alleviate feelings of isolation. Our befrienders may also offer practical assistance to help out with shopping and medication collection etc.

We work extensively with Local Authorities, Housing Associations and other partners to deliver furniture and electrical appliances (and anything that makes a house a home) to families in crisis, the homeless and refugees.

We help the environment by collecting domestic Bulky Waste to reuse and recycle items that would otherwise be sent to landfill or other waste destinations. We work with our membership organisation, the Reuse Network, in providing "take-back" schemes for a number of national retailers where we help reduce waste as well as bringing damaged and "orphan" items back in to use. These activities of repair and "up-cycling" provide work placement opportunities for the individuals we support.

As we have said before - we help people and the environment. A win-win!

MERGER OF CHESHIRE COMMUNITY DEVELOPMENT TRUST (charity number 1112525)

Rationale

After exploratory talks it was noted that another local charity, Cheshire Community Development Trust, had broadly similar ethos and objectives in seeking to improve the lives people in and around the historic county of Cheshire. Both charities seeking to help people to:

- Remain independent,
and
- Attain their goals,
and
- Have equal access to find a place in society where they can live and work and have a sense of purpose.

It was determined that by coming together it should be possible to better help the community by providing greater stability for those served and those employed through:

- Developing the range of community engagement and employment related placement services,
and
- Mitigating the risk of disruption and/or redundancies in the event of a loss of major contract,

**Report of the Trustees
for the year ended 31 December 2019**

- and
- Reducing administrative costs.

i.e. By coming together the two charities can be more effective than continuing in direct and indirect competition.

Methodology

Following independent specialist legal advice, it was determined the simplest and cheapest way to achieve one new organisation would be:

- The transfer of all Cheshire Community Development Trust assets, staff (in accordance with the TUPE regulations) and volunteers into charity number 1139983, and
- The adoption of new Articles of Association and the name Changing Lives Together by charity number 1139983.

Following the necessary approval from the Charity Commission this came into effect on 15 April 2019.

FINANCIAL REVIEW

Financial review

Our policy has been to aim for approximately breakeven results, standing on our own feet with sustainable results and without excessive dependence on grant income. Total income in 2019 was £2,241,047 generating a profit on operations of £54,483. At the year-end, the charity had reserves totalling £192,783 including assimilation of £88,613 from Cheshire Community Development Trust.

Investment policy and objectives

Available funds are transferred to interest bearing bank or building society accounts to maximise returns.

Reserves policy

The Trustees have agreed that the appropriate level of unrestricted reserves should be enough to cover 3 months of expenditure i.e. sufficient to provide working capital to cover delays in the receipt of payments and grants and to provide a cushion for unexpected emergencies. We are working towards this at present.

**Report of the Trustees
for the year ended 31 December 2019**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Management & Governance

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The Charity's objects until 21 March 2019 were:

- The protection and preservation of the physical and natural environment in particular but not exclusively by the promotion of sustainable waste management practice;
- The relief of financial hardship by the provision of recycled and reused items to those in need;
- The relief of unemployment in such ways as may be thought fit and particularly but not exclusively by the provision of training and work experience.

To permit the continuation of the activities of Cheshire Community Development Trust these became, with the approval of the Charity Commission and Companies House:

- The relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage, in particular but not exclusively, by the provision of affordable furniture, recycled and reused items and the provision of training, voluntary positions and work experience;
- The protection and preservation of the physical and natural environment in particular but not exclusively by the promotion of sustainable waste management practices;
- To provide transport facilities in particular but not exclusively in Cheshire and the surrounding area for people who have special need of such facilities because they are elderly, poor or disabled, people with young children or those living in isolated areas where there are no adequate public transport facilities.

We continue to develop our Management and Governance structures. Following the merger our trustee board and management team have been strengthened and we have maintained continuity of leadership. Mr Pete Price and Mrs Sarah Tilling, trustees of Cheshire Community Development Trust also became trustees of Changing Lives Together and we retained the services of both leadership teams.

Risk Management

The trustees have regard to the Charities Commission guidance on Public Benefit and a robust approach to Risk Management. The trustees monitor risk by ensuring that the identification, assessment and mitigation of risk is linked to the achievement of the charity's operational objectives. The trustee board at each meeting reviews Health and Safety performance, Safeguarding and Management Information (financial and operational) with a review of current and future contractual obligations. The trustee board also reviews the financial impact of risk as part of operational budget planning and monitoring. Full consideration is given to the risks attached to significant new activities or opportunities, as is risk associated with external factors such as new legislation or new requirements from funders.

Recruitment and appointment of new Trustees

We have a written policy for the recruitment and induction of new trustees that gives all candidates a fair chance to see us in action and to deliver efficient support on appointment.

**Report of the Trustees
for the year ended 31 December 2019**

STRUCTURE, GOVERNANCE AND MANAGEMENT

How many lives did we change in 2019?

We made a difference to our community by:

- Arranging over 40,000 Community Transport journeys.
- Helping over 100 Buddy & Befriending pairs reduce loneliness and isolation amongst the over 50's.
- Providing 5,128 families with affordable furniture, electrical items, beds and bedding;
- Supporting many families in crisis across Cheshire and Warrington (working with 3 Local Authorities and their Local Welfare Assistance Schemes);
- Giving 239 people employment, training and development opportunities

And we made a difference to the environment by:

- Saving over 1,000 tons of waste - commercial furniture & electrical waste - from landfill,
- Saving over 2,200 tons of CO2 from our atmosphere.

Overall the trustees have been pleased to note that we have been able to help more individuals than ever in 2019. This has been recognised by:

- An extension of the Community Transport contract arrangements with Cheshire West and Chester Council,
- Re-award of our long-term contract for the Cheshire East Council Emergency Assistance scheme,
- Re-award of our long-term contracts for the Cheshire West and Chester Council Recycled Furniture Help scheme.

All of this has only been possible by the hard work and dedication of so many of our people - staff, volunteers and friends - whether first joining us through Cheshire Community Development Trust or Changing Lives in Cheshire, or more recently. The trustees sincerely thank you all.

Coronavirus Pandemic 2020

The effects of the coronavirus pandemic on the charity will be reported in full in next year's report and accounts. At the time of writing we are in the second national lockdown. We have tried to be flexible and have made a number of changes to our organisation. We are working closely with our community and contractual partners and have participated in the Government Bounce Back Loan and Coronavirus Job Retention schemes.

We have complied with the shared national obligations to protect the NHS, manage safety and costs and the provisions of the associated legislation and Government guidance. This has meant our people have been through many changes, at short notice. For long periods we have been obliged to shut our shops, curtail selected activities, temporarily suspend many volunteers and place loyal staff on paid furlough. Unfortunately, we have also held staff consultations that have resulted in permanent job losses of approximately 10% of our workforce, including the closure of the Warrington shop.

Nevertheless, with the goodwill of those involved, we have been able to:

- Make the minibus fleet available for different community tasks,
- Expand the Buddying and Befriending scheme for socially isolated individuals,
- Continue support for troubled families at schools,
- Provide furniture and white goods to an increased number of long-term homeless people given emergency housing, and the schemes for families in need,
- Launch the "Cheshire Food Hub", to support the Cheshire food distribution projects with warehouse and transport resources.

**Report of the Trustees
for the year ended 31 December 2019**

STRUCTURE, GOVERNANCE AND MANAGEMENT

We would also like to take this opportunity to publicly thank some key partners for their help behind the scenes. Also, the organisations who helped our cash flow by choosing to defer due debt, advance payments or award grants. Their time and generosity, whether large or small to them or us, made a difference:

The Lord-Lieutenant of Cheshire Mr David Briggs, MBE, K.St.J.
Bennett Brooks & Co Limited
Mr Brian Kennedy and Blackhurst Investments Limited
Cheshire Community Foundation
Cheshire East Council
Cheshire West and Chester Council
Cheshire West Recycling Limited
FareShare
First Ark (Livv Investment)
Kier Integrated Services Limited
Lambert Smith Hampton and the Cockhedge Property Unit Trust
The National Lottery Community Fund
The ReUse Network
The Welcome Network
Warrington Borough Council
Westminster Foundation.

DORMANT SUBSIDIARY COMPANIES

The charity has three wholly owned dormant subsidiary companies. They have never traded.

Changing Lives in Cheshire Limited (registered in England & Wales number 11935815). Incorporated 9 April 2019.

Changing Lives in Ellesmere Port Limited (registered in England & Wales number 11534973). Incorporated 28 August 2018 and known as Improving Lives Limited until 3 December 2019.

Changing Lives in Warrington Limited (registered in England & Wales number 9842887). Incorporated 27 October 2015.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
07400060 (England and Wales)

Registered Charity number
1139983

Registered office
Bridge Building, Unit 12
Road Two
Winsford Industrial Estate
Winsford
Cheshire
CW7 3QL

Trustees
Mrs S Benyon (resigned 31.12.19)
Mrs H E L Dillaway-Nickson
Mr B G Dunn
Mr G Sherman
Miss R Waterman
Mr P Price (appointed 29.5.19)
Mrs S M Tilling (appointed 29.5.19)

**Report of the Trustees
for the year ended 31 December 2019**

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Bennett Brooks & Co Limited
Chartered Accountants
& Statutory Auditors
St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE

Chief Executive Officer

Mike Jenkins is responsible for the day to day executive management of the organisation.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

AUDITORS

In accordance with the Articles of Association the board has re-appointed the auditors, Bennett Brooks & Co Limited, for a further year.

Approved by order of the board of trustees on 23 November 2020 and signed on its behalf by:

Mr G Sherman - Trustee

Report of the Independent Auditors to the Members of Changing Lives Together

Opinion

We have audited the financial statements of Changing Lives Together (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Report of the Independent Auditors to the Members of Changing Lives Together

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

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

Use of our report

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

Jason Leach FCA (Senior Statutory Auditor)
for and on behalf of Bennett Brooks & Co Limited
Chartered Accountants
& Statutory Auditors
St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE

Date:

Changing Lives Together

Statement of Financial Activities for the year ended 31 December 2019

| | | Unrestricted fund £ | Restricted funds £ | 2019 Total funds £ | 2018 Total funds £ |
|------------------------------------|-------|---------------------------|--------------------------|-----------------------------|-----------------------------|
| | Notes | | | | |
| INCOME AND ENDOWMENTS FROM | | | | | |
| Donations and legacies | 3 | 4,091 | - | 4,091 | 25,618 |
| Charitable activities | 6 | | | | |
| Charitable activities | | 429,276 | 350,153 | 779,429 | 80,377 |
| Other trading activities | 4 | 1,450,495 | - | 1,450,495 | 1,219,241 |
| Investment income | 5 | 7,032 | - | 7,032 | - |
| Total | | <u>1,890,894</u> | <u>350,153</u> | <u>2,241,047</u> | <u>1,325,236</u> |
| EXPENDITURE ON | | | | | |
| Raising funds | 7 | 684,410 | - | 684,410 | 590,692 |
| Charitable activities | 8 | | | | |
| Charitable activities | | 1,152,001 | 350,153 | 1,502,154 | 703,813 |
| Total | | <u>1,836,411</u> | <u>350,153</u> | <u>2,186,564</u> | <u>1,294,505</u> |
| Net gains on investments | | <u>88,613</u> | <u>-</u> | <u>88,613</u> | <u>-</u> |
| NET INCOME | | <u>143,096</u> | <u>-</u> | <u>143,096</u> | <u>30,731</u> |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 49,687 | - | 49,687 | 18,956 |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>192,783</u></u> | <u><u>-</u></u> | <u><u>192,783</u></u> | <u><u>49,687</u></u> |

The notes form part of these financial statements

Changing Lives Together (Registered number: 07400060)

Balance Sheet
31 December 2019

| | Notes | Unrestricted fund £ | Restricted funds £ | 2019 Total funds £ | 2018 Total funds £ |
|--|-------|---------------------------|--------------------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 15 | 50,974 | - | 50,974 | 38,984 |
| Investments | 16 | 2 | - | 2 | 1 |
| | | <u>50,976</u> | <u>-</u> | <u>50,976</u> | <u>38,985</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 17 | 40,189 | - | 40,189 | 43,723 |
| Debtors | 18 | 287,463 | 6,068 | 293,531 | 148,552 |
| Cash at bank | | 68,750 | 80,026 | 148,776 | 61,511 |
| | | <u>396,402</u> | <u>86,094</u> | <u>482,496</u> | <u>253,786</u> |
| CREDITORS | | | | | |
| Amounts falling due within one year | 19 | (200,257) | (86,094) | (286,351) | (157,232) |
| | | <u>196,145</u> | <u>-</u> | <u>196,145</u> | <u>96,554</u> |
| NET CURRENT ASSETS | | | | | |
| | | <u>196,145</u> | <u>-</u> | <u>196,145</u> | <u>96,554</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 247,121 | - | 247,121 | 135,539 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 20 | (54,338) | - | (54,338) | (85,852) |
| | | <u>192,783</u> | <u>-</u> | <u>192,783</u> | <u>49,687</u> |
| NET ASSETS/(LIABILITIES) | | | | | |
| | | <u>192,783</u> | <u>-</u> | <u>192,783</u> | <u>49,687</u> |
| FUNDS | 24 | | | | |
| Unrestricted funds | | | | 192,783 | 49,687 |
| TOTAL FUNDS | | | | <u>192,783</u> | <u>49,687</u> |

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

The financial statements were approved by the Board of Trustees and authorised for issue on 23 November 2020 and were signed on its behalf by:

Mr G Sherman - Trustee

Changing Lives Together

Cash Flow Statement for the year ended 31 December 2019

| | Notes | 2019 £ | 2018 £ |
|---|-------|-----------------------|----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 74,181 | (76,774) |
| Interest paid | | (2,150) | (10,478) |
| Net cash provided by/(used in) operating activities | | <u>72,031</u> | <u>(87,252)</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (27,224) | (15,189) |
| Purchase of fixed asset investments | | (1) | (1) |
| Cash transferred from CCDT | | 77,501 | - |
| Interest received | | 441 | - |
| Net cash provided by/(used in) investing activities | | <u>50,717</u> | <u>(15,190)</u> |
| Cash flows from financing activities | | | |
| Capital repayments in year | | (35,483) | (13,820) |
| Net cash used in financing activities | | <u>(35,483)</u> | <u>(13,820)</u> |
| Change in cash and cash equivalents in the reporting period | | <u>87,265</u> | <u>(116,262)</u> |
| Cash and cash equivalents at the beginning of the reporting period | | <u>61,511</u> | <u>177,773</u> |
| Cash and cash equivalents at the end of the reporting period | | <u><u>148,776</u></u> | <u><u>61,511</u></u> |

The notes form part of these financial statements

Changing Lives Together

Notes to the Cash Flow Statement for the year ended 31 December 2019

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2019 £ | 2018 £ |
|---|---------------|-----------------|
| Net income for the reporting period (as per the Statement of Financial Activities) | 143,096 | 30,731 |
| Adjustments for: | | |
| Depreciation charges | 18,144 | 8,571 |
| Losses on investments | (88,613) | - |
| Interest received | (441) | - |
| Interest paid | 2,150 | 10,478 |
| Decrease/(increase) in stocks | 3,534 | (9,560) |
| Increase in debtors | (45,641) | (71,904) |
| Increase/(decrease) in creditors | 41,952 | (45,090) |
| Net cash provided by/(used in) operations | <u>74,181</u> | <u>(76,774)</u> |

2. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

| | At 1.1.19 £ | Cash flow £ | At 31.12.19 £ |
|---------------------------------|------------------|----------------|------------------|
| Net cash | | | |
| Cash at bank | 61,511 | 87,265 | 148,776 |
| | <u>61,511</u> | <u>87,265</u> | <u>148,776</u> |
| Debt | | | |
| Debts falling due within 1 year | (34,207) | 3,969 | (30,238) |
| Debts falling due after 1 year | (85,852) | 31,514 | (54,338) |
| | <u>(120,059)</u> | <u>35,483</u> | <u>(84,576)</u> |
| Total | <u>(58,548)</u> | <u>122,748</u> | <u>64,200</u> |

Changing Lives Together

Notes to the Financial Statements for the year ended 31 December 2019

1. STATUTORY INFORMATION

Changing Lives Together is a private company, limited by guarantee, registered in England and Wales. The company's registered number, registered charity number and registered office can be found in the Reference and Administrative Details section of the Trustees' Report.

The presentation currency of the financial statements is Pounds Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Changing Lives Together meets the definition of a public benefit entity under FRS 102.

On 24 August 2018 a subsidiary company was incorporated called Improving Lives Limited. Due to the dormant status of this company no consolidated accounts have been prepared as no material effect would be present in the Statement of Financial Activities or Balance Sheet.

Going Concern

The charitable company meets its day to day working capital requirements through its cash resources. The trustees have reviewed current and forecast activity and cash requirements for a period of at least 12 months from the date of the signing of the financial statements which show, taking into account reasonably possible changes in performance and any potential impact from the Coronavirus pandemic, that the charitable company should be able to operate within its available cash resources. After making enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

Income

The policies adopted for the recognition of income are as follows:

Sale of goods

Income from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of income can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

Rendering of services

When the outcome of a transaction can be estimated reliably, income is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to a notable milestone.

Where the outcome cannot be measured reliably, income is recognised only to the extent of the expenses recognised that are recoverable.

Grants

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Expenditure

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

Goodwill

Goodwill relates to the amount paid in connection with the acquisition of a business, and is now fully amortised.

**Notes to the Financial Statements - continued
for the year ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

| | |
|-----------------------|---------------|
| Plant and machinery | - 20% on cost |
| Fixtures and fittings | - 25% on cost |
| Computer equipment | - 33% on cost |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition. Stocks of unsold donated goods are valued only at the cost of bringing the items to their present location as it is not considered practical to estimate the fair value due to their cost being nil and their value is uncertain until sold.

Taxation

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

Fund accounting

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

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

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Entity combinations

Entity combinations for public benefit entities are accounted for in accordance with paragraph PBE34.75 of FRS 102. The combination with CCDT for nil consideration is in substance a gift. The excess of the fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in the Statement of Financial Activities, representing the gift of the value of one entity to another and is recognised as income. Further details are shown in note 26.

Short term debtors and creditors

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash held with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

Changing Lives Together

Notes to the Financial Statements - continued for the year ended 31 December 2019

3. DONATIONS AND LEGACIES

| | 2019 | 2018 |
|-----------|-------|--------|
| | £ | £ |
| Donations | 4,091 | 25,618 |

4. OTHER TRADING ACTIVITIES

| | 2019 | 2018 |
|--|------------------|------------------|
| | £ | £ |
| Shop income | 1,150,415 | 995,884 |
| Waste credits, recycling, scrap and waste collection | 299,190 | 213,443 |
| Training and work experience | 890 | 9,914 |
| | <u>1,450,495</u> | <u>1,219,241</u> |

5. INVESTMENT INCOME

| | 2019 | 2018 |
|---------------------|--------------|----------|
| | £ | £ |
| Rents received | 6,591 | - |
| Interest receivable | 441 | - |
| | <u>7,032</u> | <u>-</u> |

6. INCOME FROM CHARITABLE ACTIVITIES

| | Activity | 2019 | 2018 |
|-----------|-----------------------|----------------|---------------|
| | | £ | £ |
| Transport | Charitable activities | 343,432 | - |
| Grants | Charitable activities | 435,997 | 80,377 |
| | | <u>779,429</u> | <u>80,377</u> |

Grants received, included in the above, are as follows:

| | 2019 | 2018 |
|--------|---------|--------|
| | £ | £ |
| Grants | 435,997 | 80,377 |

7. RAISING FUNDS

Other trading activities

| | 2019 | 2018 |
|-----------------------------|----------------|----------------|
| | £ | £ |
| Opening stock | 43,723 | 34,163 |
| Purchases | 478,175 | 491,944 |
| Closing stock | (40,189) | (43,723) |
| Hire of plant and machinery | 8,073 | 8,036 |
| Vehicle hire | 47,789 | 43,201 |
| Licences | 2,070 | 1,400 |
| Bad debts | 503 | 1,341 |
| Motor expenses | 113,580 | 54,330 |
| Other direct costs | 30,686 | - |
| | <u>684,410</u> | <u>590,692</u> |

Changing Lives Together

Notes to the Financial Statements - continued for the year ended 31 December 2019

8. CHARITABLE ACTIVITIES COSTS

| | Direct Costs £ | Support costs (see note 9) £ | Totals £ |
|-----------------------|----------------------|---------------------------------------|------------------|
| Charitable activities | <u>1,479,176</u> | <u>22,978</u> | <u>1,502,154</u> |

9. SUPPORT COSTS

| | Finance £ | Governance costs £ | Totals £ |
|-----------------------|---------------|--------------------------|---------------|
| Charitable activities | <u>10,579</u> | <u>12,399</u> | <u>22,978</u> |

10. NET INCOME/(EXPENDITURE)

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

| | 2019 £ | 2018 £ |
|-----------------------------|----------------|----------------|
| Auditors' remuneration | 8,600 | 4,720 |
| Depreciation - owned assets | 18,144 | 8,571 |
| Hire of plant and machinery | 8,593 | 8,036 |
| Other operating leases | <u>169,047</u> | <u>143,708</u> |

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2019 nor for the year ended 31 December 2018.

12. STAFF COSTS

| | 2019 £ | 2018 £ |
|-----------------------|------------------|----------------|
| Wages and salaries | 1,076,524 | 437,479 |
| Social security costs | 58,674 | 28,316 |
| Other pension costs | 16,061 | 4,808 |
| | <u>1,151,259</u> | <u>470,603</u> |

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

| | 2019 | 2018 |
|----------------------|-----------|-----------|
| Management team | 5 | 4 |
| Warehouse/reuse | 25 | 15 |
| Administrative | 10 | 4 |
| Retail | 11 | 9 |
| Community engagement | 6 | - |
| Community transport | 17 | - |
| | <u>74</u> | <u>32</u> |

No employees received emoluments in excess of £60,000 (2018: £60,000).

Total emoluments for key management personnel totalled £159,809 (2018: £132,660).

Changing Lives Together

Notes to the Financial Statements - continued for the year ended 31 December 2019

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted fund £ | Restricted funds £ | Total funds £ |
|------------------------------------|---------------------------|--------------------------|---------------------|
| INCOME AND ENDOWMENTS FROM | | | |
| Donations and legacies | 25,618 | - | 25,618 |
| Charitable activities | | | |
| Charitable activities | - | 80,377 | 80,377 |
| Other trading activities | 1,219,241 | - | 1,219,241 |
| Total | 1,244,859 | 80,377 | 1,325,236 |
| EXPENDITURE ON | | | |
| Raising funds | 590,692 | - | 590,692 |
| Charitable activities | | | |
| Charitable activities | 623,436 | 80,377 | 703,813 |
| Total | 1,214,128 | 80,377 | 1,294,505 |
| NET INCOME | 30,731 | - | 30,731 |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | 18,956 | - | 18,956 |
| TOTAL FUNDS CARRIED FORWARD | 49,687 | - | 49,687 |

14. INTANGIBLE FIXED ASSETS

| | Goodwill £ |
|--|---------------|
| COST | |
| At 1 January 2019 and 31 December 2019 | 6,157 |
| AMORTISATION | |
| At 1 January 2019 and 31 December 2019 | 6,157 |
| NET BOOK VALUE | |
| At 31 December 2019 | - |
| At 31 December 2018 | - |

Changing Lives Together

Notes to the Financial Statements - continued for the year ended 31 December 2019

15. TANGIBLE FIXED ASSETS

| | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|-----------------------------|----------------------------------|----------------------------|-------------|
| COST | | | | |
| At 1 January 2019 | 54,635 | 6,126 | 6,501 | 67,262 |
| Additions | 4,243 | 665 | 25,226 | 30,134 |
| At 31 December 2019 | 58,878 | 6,791 | 31,727 | 97,396 |
| DEPRECIATION | | | | |
| At 1 January 2019 | 21,322 | 2,938 | 4,018 | 28,278 |
| Charge for year | 6,260 | 1,656 | 10,228 | 18,144 |
| At 31 December 2019 | 27,582 | 4,594 | 14,246 | 46,422 |
| NET BOOK VALUE | | | | |
| At 31 December 2019 | 31,296 | 2,197 | 17,481 | 50,974 |
| At 31 December 2018 | 33,313 | 3,188 | 2,483 | 38,984 |

16. FIXED ASSET INVESTMENTS

The charity owns 100% of the Ordinary share capital in the below three companies. Each of the companies has been dormant from incorporation.

- Changing Lives in Cheshire Limited (11935815)
- Changing Lives in Ellesmere Port Limited (11534973)
- Changing Lives in Warrington Limited (9842887)

17. STOCKS

| | 2019 £ | 2018 £ |
|--------|-----------|-----------|
| Stocks | 40,189 | 43,723 |

18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 £ | 2018 £ |
|---------------|-----------|-----------|
| Trade debtors | 250,639 | 127,173 |
| Other debtors | 23,069 | 11,103 |
| Prepayments | 19,823 | 10,276 |
| | 293,531 | 148,552 |

Changing Lives Together

Notes to the Financial Statements - continued for the year ended 31 December 2019

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 | 2018 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Other loans (see note 21) | 30,238 | 34,207 |
| Trade creditors | 111,465 | 28,769 |
| Social security and other taxes | 19,204 | 8,336 |
| VAT | 5,055 | 13,714 |
| Other creditors | 2,612 | 3,581 |
| Deposits held on account | 14,620 | 34,978 |
| Tudor Grant | 4,167 | 5,029 |
| Accrued expenses and deferred income | 98,908 | 28,386 |
| Deina Smith bursary | 82 | 232 |
| | <u>286,351</u> | <u>157,232</u> |

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2019 | 2018 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Other loans (see note 21) | <u>54,338</u> | <u>85,852</u> |

21. LOANS

An analysis of the maturity of loans is given below:

| | 2019 | 2018 |
|---|---------------|---------------|
| | £ | £ |
| Amounts falling due within one year on demand: | | |
| Other loans | <u>30,238</u> | <u>34,207</u> |
| Amounts falling between one and two years: | | |
| Other loans - 1-2 years | <u>27,399</u> | <u>30,233</u> |
| Amounts falling due between two and five years: | | |
| Other loans - 2-5 years | <u>26,939</u> | <u>55,619</u> |

22. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2019 | 2018 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 71,193 | 65,179 |
| Between one and five years | 75,004 | 111,949 |
| | <u>146,197</u> | <u>177,128</u> |

23. SECURED DEBTS

The following secured debts are included within creditors:

| | 2019 | 2018 |
|-------------|--------------|---------------|
| | £ | £ |
| Other loans | <u>4,834</u> | <u>16,929</u> |

Changing Lives Together

Notes to the Financial Statements - continued
for the year ended 31 December 2019

24. MOVEMENT IN FUNDS

| | At 1.1.19 £ | Net movement in funds £ | At 31.12.19 £ |
|---------------------------|----------------|----------------------------------|---------------------|
| Unrestricted funds | | | |
| General fund | 49,687 | 143,096 | 192,783 |
| TOTAL FUNDS | <u>49,687</u> | <u>143,096</u> | <u>192,783</u> |

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

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 1,890,894 | (1,836,411) | 88,613 | 143,096 |
| Restricted funds | | | | |
| Tudor Grant | 27,946 | (27,946) | - | - |
| Break Free Grant | 5,461 | (5,461) | - | - |
| Brightlife | 47,519 | (47,519) | - | - |
| Groundworks | 24,175 | (24,175) | - | - |
| Family support | 42,478 | (42,478) | - | - |
| Big lottery | 192,537 | (192,537) | - | - |
| Edsential community | 10,037 | (10,037) | - | - |
| | <u>350,153</u> | <u>(350,153)</u> | <u>-</u> | <u>-</u> |
| TOTAL FUNDS | <u>2,241,047</u> | <u>(2,186,564)</u> | <u>88,613</u> | <u>143,096</u> |

Comparatives for movement in funds

| | At 1.1.18 £ | Net movement in funds £ | At 31.12.18 £ |
|---------------------------|----------------|----------------------------------|---------------------|
| Unrestricted funds | | | |
| General fund | 18,956 | 30,731 | 49,687 |
| TOTAL FUNDS | <u>18,956</u> | <u>30,731</u> | <u>49,687</u> |

Changing Lives Together

Notes to the Financial Statements - continued for the year ended 31 December 2019

24. MOVEMENT IN FUNDS - continued

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

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|-------------------------------|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 1,244,859 | (1,214,128) | 30,731 |
| Restricted funds | | | |
| Tudor Grant | 19,971 | (19,971) | - |
| First Ark | 34,283 | (34,283) | - |
| Cheshire Community Foundation | 17,670 | (17,670) | - |
| Deina Smith Bursary | 1,029 | (1,029) | - |
| Break Free Grant | 7,424 | (7,424) | - |
| | <u>80,377</u> | <u>(80,377)</u> | <u>-</u> |
| TOTAL FUNDS | <u>1,325,236</u> | <u>(1,294,505)</u> | <u>30,731</u> |

25. RELATED PARTY DISCLOSURES

During the year, no donations of pre-loved household items were made by G Sherman and S Benyon. In 2018 G Sherman's donations realised a value of £5 when sold, and S Benyon's donations realised a value of £140 when sold.

26. ACQUISITION OF CCDT

Under an agreement dated 15 April 2019, the net assets of Cheshire Community Development Trust (CCDT) were transferred to Changing Lives Together (CLT), previously Changing Lives in Cheshire. No consideration was payable.

CLT has been servicing similar charitable causes to those provided by CCDT.

The following amounts of assets and liabilities were transferred at the acquisition date:

| | Book and fair value £ |
|--------------------------------|--------------------------|
| Equipment | 2,910 |
| Trade debtors | 56,693 |
| Prepayments and accrued income | 13,095 |
| Cash and cash equivalents | 77,501 |
| VAT | 9,867 |
| Other debtors | 19,683 |
| Trade creditors | (13,194) |
| Accruals and deferred income | (58,396) |
| Other creditors | (19,546) |
| | <u>88,613</u> |

No consideration was paid, and the difference between the fair value of net assets transferred of £88,613 and the consideration paid of £nil, has been recognised as a gain in the Statement of Financial Activities.