

Charity Registration No. 1067483

Company Registration No. 03489376 (England and Wales)

EMMAUS GLOUCESTERSHIRE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

EMMAUS GLOUCESTERSHIRE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr M. Heap Mr M. Hudson Ms A. Beddoes Mr N. Mantle Mr C. Thomas
Secretary	Mr J. Feeley
Charity number	1067483
Company number	03489376
Principal address	Chequers Road Gloucester GL4 6PN
Auditor	Pitt Godden & Taylor LLP Unit 3 Ambrose House Meteor Court Barnett Way Barnwood Gloucester GL4 3GG
Bankers	Lloyds TSB Bank plc High Street Cheltenham GL50 1EW CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ

EMMAUS GLOUCESTERSHIRE

CONTENTS

	Page
Trustees' report	1 - 4
Statement of trustees' responsibilities	5
Independent auditor's report	6 - 8
Statement of financial activities	9
Balance sheet	10
Statement of cash flows	11
Notes to the financial statements	12 - 20

EMMAUS GLOUCESTERSHIRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 JUNE 2020

The Trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements of Emmaus Gloucestershire (the charity) for the year ending 30 June 2020.

The Trustees confirm the annual report and financial statements of the charity comply with current statutory requirements, the requirements of the charity's governing document, the Companies Act 2006 and "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 (FRS102) (effective 1 January 2019).

Our Vision and Mission

Our Vision is a world in which everyone has a home and a sense of belonging.

Our Mission is to work together to overcome homelessness and social exclusion while using our voice to achieve social change.

Objectives and activities

In setting objectives and planning for activities, the Trustees have given due consideration to guidance published by the Charity Commission relating to public benefit, and in particular to its supplementary public benefit guidance.

The objects of the charity are the alleviation of homelessness and relief of poverty, hardship and the distress they cause to those in need. The objects are specifically restricted to the alleviation and relief of poverty, hardship and distress arising

therefrom, in conformance with the principles of the Emmaus Movement as published from time to time by Emmaus UK, to those in need without distinction by:

- The provision of accommodation, or assistance in such provision, for homeless people in the Gloucestershire area and such other places as may seem appropriate from time to time (the beneficiaries).
- The rehabilitation of the beneficiaries as appropriate and the provision of education, training (including, without limitation, employment training) and work opportunities and satisfaction for the beneficiaries with the purpose of developing their skills to enable them to gain employment in the future and thereby develop a sense of self-worth and dignity through having a self-supporting life.
- The support of the work of other Emmaus Communities and Emmaus Groups or other agencies in the relief of poverty and homelessness whether in the United Kingdom or elsewhere in the world and in particular (without limitation) by the exchange of resources, information and expertise with other Emmaus Movement projects worldwide.
- The fulfilling of such other purposes as may from time to time be recognised by English Law as being charitable and which the Charity shall from time to time determine.

Approach to achieving Charitable objects

Emmaus Gloucestershire provides a home, 40 hours of meaningful activity in our social enterprise each week, training and support for previously homeless or socially excluded individuals, known as 'Emmaus companions'. An unemployed, homeless or vulnerably housed person becomes a companion upon joining Emmaus Gloucestershire as a resident. Companions work together with volunteers and employees collecting, upcycling and selling donated goods in our five retail outlets. All companions have the opportunity to gain new skills and experiences in a working enterprise and, most importantly, regain self-respect, esteem and purpose whilst working to support others in greater need than themselves.

Emmaus Gloucestershire currently offers 34 bed spaces for companions over three accommodation sites. Companions sign off primary benefits and receive accommodation, food, clothing, a weekly allowance, resettlement support and access to structured support and personal development.

Opportunities are provided to gain new skills, undergo training and work as part of a team to achieve personal goals, contribute to the success of the business activities and provide assistance to others who are in need.

EMMAUS GLOUCESTERSHIRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 30 JUNE 2020*

Achievements and performance

The onset of the Covid-19 pandemic during March 2020 and the resulting government restrictions has made this financial year extraordinary.

Firstly, and most importantly all of our Companions are safe and in remarkably good spirits given their freedoms and ability to engage fully in the running of our social enterprise has been severely limited.

None of our Companions have contracted Covid-19.

The work of all employees, but in particular the support staff and Chief Executive made a significant contribution maintaining the well-being of all in our Community.

There have been many lessons learnt from the first phase of Covid-19. At an operational level these have been documented and actions implemented to make improvements to the future well-being of Companions and employees as we progress through the pandemic.

At a strategic level it has emphasised the imperative to diversify our income streams away from High Street Retail and in so doing increase the range of skills and activities available to the Companions.

Financial review

The total income for year ending 30 June 2020 was £1,123,581 which was £45,071 less than the income for the previous year.

The total expenditure for year ending 30 June 2020 was £901,251 which was £86,337 less than the expenditure for the previous year.

The net surplus for the year to 30 June 2020 was £222,330 which was £41,266 more than the previous year.

This operational surplus represents 19.8% of total income which compares favourably with similar organisation.

Reserves

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a minimum of three months expenditure (at current expenditure levels this equates to £225,313).

At the renewal of our business continuity insurance (which included pandemic insurance up to £250,000) we were advised this was withdrawn. Trustees took a decision to self-insure and set aside £250,000 designated for this purpose.

While the level of reserves held currently far exceeds this level, the trustees are conscious that one of their properties is going to require some major investment in the very near future and the need to diversify income to reduce the reliance on High Street retail and the surplus funds will be vital when the time arrives.

Operational performance

Emmaus Gloucestershire generated 56% of its income through its social enterprise business in 2019/20. The remainder 15% came from housing benefit, 29% from general donations, grants and legacies.

During the year 12,410 daily bed spaces were provided. 1460 daily bed spaces were set aside on a solidarity basis (for which no housing benefit was claimed).

The number of individuals provided with food and/or sleeping bags at our weekly soup run is on average 40 per week, this work has been largely interrupted through the pandemic.

EMMAUS GLOUCESTERSHIRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Risk management

Trustees have in place risk management procedures, policies and a risk register which aims to manage and mitigate foreseeable risks that the charity might face.

The risk register is used as a dynamic tool by the management team. It is reviewed regularly by all Committees and the Board of Trustees. The chief executive has overall responsibility for monitoring the risks and ensuring appropriate and timely mitigations are put in place.

Good risk management is not about paperwork and expansive risk registers it is about a contemporary thorough knowledge of the business and wider environment it operates in. Early identification of the threats and timely responses are crucial to mitigating or avoiding threats.

The chief executive's timely actions in relation to Covid-19 not only maximised protection to Companions and employees but also minimised the financial impact. Early application for grant support secured an amount of £233,168. This not only ensured a good net surplus for 2019-20 but more importantly put us in a stronger position to face the challenges that Covid-19 will bring.

Solidarity

The Emmaus movement established by Abbé Pierre was founded on the concept of "Solidarity" - this means helping and working for others who are less fortunate than ourselves. Solidarity works at three levels: local, national and international. Emmaus Gloucestershire contributes at each of these levels with companions, volunteers, staff and Trustees all being involved. These contributions are not only financial but also include sharing, expertise, experience, moral support and encouragement.

Unfortunately Covid-19 has had a severe impact on activities in this area as restrictions locally, nationally and internationally have curtailed many activities, where possible donations to Solidarity have continued.

Financially our solidarity support for 2019/20 is set out below:

Local

Soup run in Gloucester	£1,014
Listening Post	£2,000
Provision provided with Gloucester City Mission	£5,039
Sundry	£79
Solidarity Projects on hold due to Covid-19	£3,500

National

Emmaus UK Membership	£4,298
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International (including Europe)

Membership of Emmaus International and Europe	£16,100
International Sale Day	£2,544
Bosnian Community Support	£4,683
Emergency International Solidarity Fund	£2,000

<u>TOTAL SOLIDARITY:</u>	<u>£41,257</u>
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EMMAUS GLOUCESTERSHIRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Future plans

The new structure for the support team is agreed and implemented apart from one post that is vacant due to the Covid-19 pandemic. The outcomes as reported by Companions are significantly improved support to them.

Emmaus UK have agreed a revised UK 5-year strategy, we were part way through developing a new strategy when Covid-19 struck. The very important lessons from Covid-19 and the accelerated decline of the High Street retail market will inform the strategy for taking Emmaus Gloucestershire forward over the next ten years.

Structure, governance and management

The Board is responsible for the strategic direction and policy of the charity. The board meets at least quarterly and is underpinned by a committee structure. The Business and Finance Committee, HR Committee, Policy and Practice Committee and External Affairs Committee met at least quarterly to review performance and to agree priorities for the quarter ahead.

The Board of Trustees has adopted the NCVO Code of Good Governance, and reviews the structures and workings accordingly.

The HR Committee meets annually to agree the remuneration of the Chief Executive and all employees, so as to reward and motivate employees to an affordable extent.

A delegation framework is in place, with the day to day responsibility for the operations of the charity resting with the Chief Executive. The Chief Executive is responsible for ensuring that the charity delivers the activities specified in an annual operational plan and that key performance indicators are met.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr M. Heap

Mr M. Hudson

Ms A. Beddoes

Mr N. Mantle

Ms A. Creedon

(Resigned 1 September 2019)

Mr C. Thomas

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

An annual skills audit of the Board of Trustees identifies gaps, and an open recruitment process for new Trustees takes place. This involves advertisement on Emmaus websites, and through specialist volunteering websites such as Volunteering Glos, Trustees Unlimited and REACH. An application and interview process takes place. Proposed appointments of new trustees must be approved by the Board of Trustees; following a successful application references and a DBS check are taken up.

The trustees' report was approved by the Board of Trustees and signed on their behalf by:

Mr C. Thomas

Trustee

Dated: 30 March 2021

EMMAUS GLOUCESTERSHIRE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 JUNE 2020

The trustees, who are also the directors of Emmaus Gloucestershire for the purpose of company law, are responsible for preparing the Trustees' Report 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

EMMAUS GLOUCESTERSHIRE

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF EMMAUS GLOUCESTERSHIRE

Opinion

We have audited the financial statements of Emmaus Gloucestershire (the 'charity') for the year ended 30 June 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 30 June 2020 and of its incoming resources and application of resources, 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 charity'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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

EMMAUS GLOUCESTERSHIRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF EMMAUS GLOUCESTERSHIRE

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 an auditor's report 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

EMMAUS GLOUCESTERSHIRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF EMMAUS GLOUCESTERSHIRE

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with section 144* of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's 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's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas J Bishop FCCA ACA (Senior Statutory Auditor)
for and on behalf of Pitt Godden & Taylor LLP

30 March 2021

Chartered Accountants
Statutory Auditor

Unit 3 Ambrose House
Meteor Court
Barnett Way
Barnwood
Gloucester
GL4 3GG

Pitt Godden & Taylor LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

EMMAUS GLOUCESTERSHIRE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2020

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes						
<u>Income and endowments from:</u>							
Donations	3	274,389	10,000	284,389	81,298	16,201	97,499
Housing benefits	4	168,741	-	168,741	186,326	-	186,326
Other trading activities	5	619,972	-	619,972	878,871	-	878,871
Investment income	6	2,990	-	2,990	5,149	-	5,149
Other income	7	47,489	-	47,489	807	-	807
Total income		1,113,581	10,000	1,123,581	1,152,451	16,201	1,168,652
<u>Expenditure on:</u>							
Charitable activities	8	891,251	10,000	901,251	971,387	16,201	987,588
Net income for the year/ Net movement in funds		222,330	-	222,330	181,064	-	181,064
Fund balances at 1 July 2019		1,884,895	-	1,884,895	1,703,831	-	1,703,831
Fund balances at 30 June 2020		2,107,225	-	2,107,225	1,884,895	-	1,884,895

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

EMMAUS GLOUCESTERSHIRE

BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		1,118,675		1,119,510
Current assets					
Debtors	13	49,070		86,755	
Cash at bank and in hand		996,952		743,026	
		1,046,022		829,781	
Creditors: amounts falling due within one year	14	(57,472)		(64,396)	
Net current assets			988,550		765,385
Total assets less current liabilities			2,107,225		1,884,895
Income funds					
<u>Unrestricted funds</u>					
Designated funds	16	250,000		432,423	
General unrestricted funds		1,857,225		1,452,472	
			2,107,225		1,884,895
			2,107,225		1,884,895

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 30 June 2020, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 30 March 2021

Mr C. Thomas
Trustee

Company Registration No. 03489376

EMMAUS GLOUCESTERSHIRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	18		270,110		170,709
Investing activities					
Purchase of tangible fixed assets		(19,355)		(20,737)	
Proceeds on disposal of tangible fixed assets		181		307	
Interest received		2,990		5,149	
Net cash used in investing activities			(16,184)		(15,281)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			253,926		155,428
Cash and cash equivalents at beginning of year			743,026		587,598
Cash and cash equivalents at end of year			996,952		743,026

EMMAUS GLOUCESTERSHIRE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Charity information

Emmaus Gloucestershire is a private company limited by guarantee incorporated in England and Wales. The registered office is Chequers Warehouse, Chequers Road, Gloucester, GL4 6PN.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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 charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

Resources expended are accounted for on an accruals basis.

EMMAUS GLOUCESTERSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Expenditure on fixed assets is capitalised except for expenditure incurred on the replacement of assets of low value with a short life. Repair, renovation and replacement expenditure is written off as expenditure in the statement of financial activities. Items costing less than £1,000 are written off as an expense as acquired.

Tangible fixed assets are included in the Balance Sheet at cost less accumulated depreciation, or at estimated value at the date of donation less the associated accumulated depreciation.

Depreciation is calculated to write off the cost or valuation of fixed assets, less their estimated residual values, over their estimated useful economic lives, at the following rates :-

Land and buildings	Freehold is depreciated by nil. Leasehold is depreciated over the term of the lease.
Plant and machinery	25% straight line
Fixtures, fittings & equipment	10/20% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

EMMAUS GLOUCESTERSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

EMMAUS GLOUCESTERSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

3 Donations

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Donations and gifts	41,221	-	41,221	97,499
Grants received	233,168	10,000	243,168	-
	<u>274,389</u>	<u>10,000</u>	<u>284,389</u>	<u>97,499</u>
For the year ended 30 June 2019	<u>81,298</u>	<u>16,201</u>		<u>97,499</u>
Donations and gifts				
Donations	12,628	-	12,628	16,201
Gift aid donations	28,593	-	28,593	61,048
Legacies	-	-	-	20,250
	<u>41,221</u>	<u>-</u>	<u>41,221</u>	<u>97,499</u>
Grants receivable for core activities				
COVID-19 support	80,000	10,000	90,000	-
Coronavirus Job Retention Scheme	29,056	-	29,056	-
Ebay grant	4,112	-	4,112	-
The Julia and Hans Rausing Trust	120,000	-	120,000	-
	<u>233,168</u>	<u>10,000</u>	<u>243,168</u>	<u>-</u>

4 Housing benefits

	Housing benefits 2020 £	Housing benefits 2019 £
Housing benefit	<u>168,741</u>	<u>186,326</u>

EMMAUS GLOUCESTERSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

5 Other trading activities

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Shop income	601,252	864,812
Fundraising events	18,720	14,059
	<u>619,972</u>	<u>878,871</u>

6 Investment income

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Rental income	2,029	4,280
Interest receivable	961	869
	<u>2,990</u>	<u>5,149</u>

7 Other income

	2020	2019
	£	£
Net gain on disposal of tangible fixed assets	181	307
Other income	316	500
Insurance received	46,992	-
	<u>47,489</u>	<u>807</u>

EMMAUS GLOUCESTERSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

8 Charitable activities

	2020 £	2019 £
Staff costs	371,424	427,554
Depreciation and impairment	20,190	16,639
Other costs	502,403	537,291
Governance costs	7,234	6,104
	<u>901,251</u>	<u>987,588</u>

Included in governance costs is auditors remuneration of £4,000 (2019: £3,300)

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

Trustees indemnity insurance was purchased during the year at a cost of £413 (2019- £413).

Trustees travel expenses of £578 (2019- £1,020) have been met by the charity.

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Shop/warehouse	6	7
Office/admin	4	4
Companion support	3	6
	<u>13</u>	<u>17</u>

Employment costs

	2020 £	2019 £
Wages and salaries	<u>371,424</u>	<u>427,554</u>

There were no employees whose annual remuneration was £60,000 or more.

EMMAUS GLOUCESTERSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

11 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2019	1,104,524	7,081	50,056	86,357	1,248,018
Additions	-	-	1,185	18,170	19,355
Disposals	-	-	-	(13,360)	(13,360)
At 30 June 2020	1,104,524	7,081	51,241	91,167	1,254,013
Depreciation and impairment					
At 1 July 2019	22,277	7,081	25,274	73,876	128,508
Depreciation charged in the year	1,804	-	6,461	11,925	20,190
Eliminated in respect of disposals	-	-	-	(13,360)	(13,360)
At 30 June 2020	24,081	7,081	31,735	72,441	135,338
Carrying amount					
At 30 June 2020	1,080,443	-	19,506	18,726	1,118,675
At 30 June 2019	1,082,247	-	24,782	12,481	1,119,510

The Nailsworth leasehold included in land and buildings is depreciated over its lease term which expires in 2115.

EMMAUS GLOUCESTERSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

12 Financial instruments	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	9,431	24,679
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	50,654	64,396
	<u> </u>	<u> </u>
13 Debtors	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	1,035	6,683
Other debtors	14,416	27,503
Prepayments and accrued income	33,619	52,569
	<u> </u>	<u> </u>
	49,070	86,755
	<u> </u>	<u> </u>
14 Creditors: amounts falling due within one year	2020	2019
	£	£
Other taxation and social security	6,818	-
Trade creditors	13,898	31,520
Other creditors	2,980	2,463
Accruals and deferred income	33,776	30,413
	<u> </u>	<u> </u>
	57,472	64,396
	<u> </u>	<u> </u>
15 Restricted funds		

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 July 2019	Movement in funds Incoming resources	Resources expended	Balance at 30 June 2020
	£	£	£	£
Gloucestershire Coronavirus Fund	-	10,000	(10,000)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

EMMAUS GLOUCESTERSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

16 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds			
	Balance at 1 July 2018	Incoming resources	Balance at 1 July 2019	Transfers
	£	£	£	£
Property and Development Fund	432,423	-	432,423	(432,423)
Continuity Fund	-	-	-	250,000
	<u>432,423</u>	<u>-</u>	<u>432,423</u>	<u>(182,423)</u>
	<u>432,423</u>	<u>-</u>	<u>432,423</u>	<u>250,000</u>

The board have decided the the Property and Development Fund is no longer required. Instead, in light of the current pandemic, a Continuity Fund has been deemed more appropriate.

17 Related party transactions

There were no disclosable related party transactions during the year (2019 - none).

18 Cash generated from operations

	2020	2019
	£	£
Surplus for the year	222,330	181,064
Adjustments for:		
Investment income recognised in statement of financial activities	(2,990)	(5,149)
Gain on disposal of tangible fixed assets	(181)	(307)
Depreciation and impairment of tangible fixed assets	20,190	16,639
Movements in working capital:		
Decrease in debtors	37,685	5,139
(Decrease) in creditors	(6,924)	(26,677)
Cash generated from operations	<u>270,110</u>	<u>170,709</u>

19 Analysis of changes in net funds

The charity had no debt during the year.