

REGISTERED COMPANY NUMBER: 07400060 (England and Wales)
REGISTERED CHARITY NUMBER: 1139983

**Report of the Trustees and
Financial Statements for the Year Ended 31 December 2017
for
Changing Lives In Cheshire**

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

Changing Lives In Cheshire

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for the year ended 31 December 2017**

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Changing Lives In Cheshire

Report of the Trustees for the year ended 31 December 2017

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 2017. 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 2015).

The report also contains a directors' report as required by company law.

OBJECTIVES AND ACTIVITIES

Objectives and aims

Incorporation

Changing Lives in Cheshire is a company limited by guarantee, registered in England & Wales no. 07400060 and charity no: 1139983. Incorporated on the 7th October 2010 and commenced trading on the same date.

Overview

Changing Lives in Cheshire (CLiC) is a social enterprise committed to delivering real 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 operate 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" at Prince Henry Square in the Cockhedge Shopping Centre, Warrington.

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

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

At the same time we operate services to help the environment such as Bulky Waste services to reuse and recycle items that would otherwise be sent to landfill or other waste destinations.

We also work with our membership organisation the Reuse Network (reuse-network.org.uk) 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 into use. These activities of repair and upcycling happen in both Winsford & Warrington and provide work placement opportunities for the individuals we support.

We help people and the environment. A win-win!

Changing Lives In Cheshire

Report of the Trustees for the year ended 31 December 2017

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 grants income. Total income in 2017 was once again up on previous years. We have seen growth over the last 5 years from £356,15 to £1,109,548 through an increasing and diversified product range.

In the 2014, 2015 and 2016 we generated small surpluses (£22,000, £14,611 & £16,787 respectively). In 2017 after more than usual expenses in investing for our future, we recorded a loss of £35,113. Whilst obviously disappointing as a financial result, we believe we have built a solid foundation for the future - and we have seen a return to profit in the first half of 2018.

In Winsford we have invested in the property after renewing the lease on our warehouse unit. We already have a strong relationship with the Key Fund and they have supported us with a loan to invest in ground works and a rollerpacker that enabled us to secure a further 5 years contract to deal with Bulky Waste. Once again, the Key Fund has had the confidence to invest in us, and our social impact. This is the third such loan from them and we are grateful, as they supported us originally when others wouldn't.

In Warrington we are grateful to First Ark for providing grant and loan funding to enable us to expand and enjoy our new, larger, premises. We anticipate this being the start of long-term partnership. We are going from strength to strength in Warrington and have achieved breakeven from a standing start. We are working with many partners and have a retail offering not only of household goods but also of arts and crafts - supplied by partners such as The Craft Workshop - and upcycled furniture and chalk paint - from Vintage with Grace.

We are all about the people of course. We do what it says on the tin - help Change Lives! We would like to recognise and thank the Tudor Trust, which has provided a second grant to support our Volunteer & Placement Manager role. This role is the lynchpin that links the opportunities we have in the activities of the social enterprise with the people we are supporting.

We are delighted to report our great success in expanding our Creative Concepts project to now include both men and women and alleviate social isolation through creative projects and peer support. Our Warrington store has been the perfect outlet for this project and we are looking to continue this support to enable the groups who attend to be fully included in the set up and running of future courses. This has also seen the creation of a thriving and sustainable 'Repair Cafe' as a result of more people engaging with our projects. We have also been able to provide "passports to success" for our young people who needed help getting in to the job market. These passports allowed for basic training in areas such as Safeguarding, H&S, Manual Handling, Time Keeping, and other important key areas for holding down their first job. All these projects would not have been possible without the support of Cheshire Community Foundation and their funders. We very much appreciate their continued support for our projects.

At the year end, the charity had reserves totalling 17,661, all of which are unrestricted. This is below the reserves policy identified by the trustees. The charity also held £177,773 in cash at the year end. Of this, £17,670 was restricted for the use in projects funded by Cheshire Community Foundation, with the remainder being the remaining balance of a grant for specific expenditure which was provided from First Ark

Overall the board has been particularly encouraged to note that each month we have been able to help more and more individuals in Winsford and Warrington; and through our operations with Cheshire West & Chester and Cheshire East councils.

Management & Governance

CLiC continues to develop its Management and Governance structures. We now have an increasingly effective Management Team. In addition, the Trustee Board continues to be strengthened and our members include individuals with relevant experience of establishing local charities, business strategy and marketing and remains focussed on social impact.

The trustees have had regard to the Charities Commission guidance on Public Benefit.

How many lives did we change in 2017?

- Supported total of **4,373 families** by providing affordable furniture, electrical items, beds and bedding;
- Supported over **1,000 families** in crisis across Cheshire and Warrington (working with 3 Local Authorities and their Local Welfare Assistance Schemes);
- Worked with **192 new volunteers & placements**;
- Provided **33,784 volunteer & placement hours**, with teams of **around 50 people** working with us at any one time;
- **Employed 33 people**, majority of whom were previously unemployed.

How much do we help the local environment in 2017?

- Collected **859 tonnes** of commercial furniture & electrical waste;
- Recycled **245 tonnes** of cardboard & **22 tonnes** of plastic;
- Saved **2,224 tonnes** of CO2.

Developments for the future

In 2018 we are launching "Break Free" - a new product weekly payment scheme.

Changing Lives In Cheshire

Report of the Trustees for the year ended 31 December 2017

FINANCIAL REVIEW

Financial review

In partnership with West Cheshire Credit Union "Break Free" is a weekly payment scheme for a wide variety of furniture and white goods. It helps alleviate poverty and addresses the debt trap - so those on low incomes need not always turn to the high interest rates charged by so many rent to buy companies. We are grateful to Cheshire West & Chester Council for generously supporting "Break Free".

We are investing in our IT systems, for improved customer experience and operational resilience. This will involve "connected van" technology and will facilitate efficient household collections and deliveries.

We are also developing further our support packages for those with learning and other difficulties, such as autism. We are particularly keen to make contact with anyone working locally in this field.

We have also started working closely with more partners to deliver furniture packages that are a combination of pre-loved and new, or sometimes just new furniture. As our expertise and experience grows we are able to source, deliver, construct and install furniture and white goods at a very good price and in a very timely manner. Again would we love to hear from any other potential partners who would like to work with us in this, or any other, area of our operations.

Reserves policy

The Trustees have agreed that the appropriate level of unrestricted reserves should be enough to cover 3 months of expenditure, enough to provide sufficient working capital to cover delays in the spending and receipt of grants and to provide a cushion for unexpected emergencies. We are working towards this at present and will look to increase this as funds allow.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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 are specifically restricted to the following:

- The protection and preservation of the physical and natural environment in particular but not exclusively by the promotion of sustainable waste management practices;
- 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.

Our Core Business

- Enabling people on a low income to get access to good quality items for the home at low cost, and
- Providing employment, training and development opportunities for local people, and
- The reuse and recycling of waste to help to protect the environment

Changing Lives In Cheshire

Report of the Trustees for the year ended 31 December 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

Candidates are sourced from direct application, open advertisement on the CLiC web site and targeted external agencies (currently CVS Cheshire East & Cheshire Connect).

Process for successful appointment

1. All candidate CV's received are separately reviewed by the Chair and CEO
2. Meeting with the CEO
3. Interview with the Chair and one other trustee
4. Familiarisation visit(s) to CLiC to see day to day operations and meet key personnel
5. Invitation to meet all trustees and attend as a guest at least one board meeting
6. Discussion of candidates (including evaluation of any discovered conflict of interest) and vote of all trustees at formal meeting
7. Referees contacted
8. Formal invitation with the provision of appropriate governing documents for the charity and current guidelines on duties from the Charity Commission
9. Acceptance in the registration and declaration processes of Companies House and the Charity Commission.

Induction

1. Tour of Winsford operations by CEO
2. Briefing on key policies and on key Customer and Supplier relationships by the CEO
3. Briefings by the Finance and Retail managers
4. Access granted to Trustees shared directory of online key documentation including historic board minutes, management accounts and company manual
5. Review with the chair of:
 - a. Vision for the charity and current personal objectives of the CEO
 - b. Legal obligations of a Director/Trustee (as set out by the Charity Commission)
 - c. Trustees personal objective(s) and training needs
 - d. Any concerns or matters arising.
6. Visit to see any/all locations and personnel as required/requested.

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. Management information, both financial and operational, is reviewed by the board at each meeting and reviews current and future contractual obligations. The financial impact of risk as part of operational budget planning and monitoring and this is reviewed by the board. Full consideration is given to the risks attached to significant new activities or opportunities, as is the risk associated with external factors such as new legislation or new requirements from funders.

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
Mrs H E L Dilliway-Nickson
B G Dunn
G Sherman
Mrs R Waterman

- appointed 6.9.18

Changing Lives In Cheshire

Report of the Trustees for the year ended 31 December 2017

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

Gary Cliffe is responsible for the day to day executive management of the organisation.

Changing Lives in Warrington

CLiC also operates in Warrington under the brand "Changing Lives in Warrington".

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Changing Lives In Cheshire 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

The auditors, Bennett Brooks & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 21 September 2018 and signed on its behalf by:

G Sherman - Trustee

Report of the Independent Auditors to the Members of Changing Lives In Cheshire

Opinion

We have audited the financial statements of Changing Lives In Cheshire (the 'charitable company') for the year ended 31 December 2017 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 2017 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 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, 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.

Opinion 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.

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.

Report of the Independent Auditors to the Members of Changing Lives In Cheshire

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 In Cheshire

Statement of Financial Activities for the year ended 31 December 2017

		Unrestricted fund £	Restricted funds £	2017 Total funds £	2016 Total funds £
	Notes				
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	10,201	-	10,201	4,185
Charitable activities	5				
Charitable activities		19,412	59,258	78,670	83,010
Other trading activities	4	1,019,422	-	1,019,422	920,492
Other income		1,255	-	1,255	-
Total		<u>1,050,290</u>	<u>59,258</u>	<u>1,109,548</u>	<u>1,007,687</u>
EXPENDITURE ON					
Raising funds	6	403,354	3,917	407,271	382,123
Charitable activities	7				
Charitable activities		<u>680,754</u>	<u>55,341</u>	<u>736,095</u>	<u>608,777</u>
Total		<u>1,084,108</u>	<u>59,258</u>	<u>1,143,366</u>	<u>990,900</u>
NET INCOME/(EXPENDITURE)		<u>(33,818)</u>	<u>-</u>	<u>(33,818)</u>	<u>16,787</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>52,774</u>	<u>-</u>	<u>52,774</u>	<u>35,987</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>18,956</u></u>	<u><u>-</u></u>	<u><u>18,956</u></u>	<u><u>52,774</u></u>

The notes form part of these financial statements

Changing Lives In Cheshire

Balance Sheet At 31 December 2017

		Unrestricted fund £	Restricted funds £	2017 Total funds £	2016 Total funds £
	Notes				
FIXED ASSETS					
Tangible assets	14	32,366	-	32,366	13,811
CURRENT ASSETS					
Stocks	15	34,163	-	34,163	23,240
Debtors	16	76,648	-	76,648	108,229
Cash at bank		125,820	51,953	177,773	66,857
		<u>236,631</u>	<u>51,953</u>	<u>288,584</u>	<u>198,326</u>
CREDITORS					
Amounts falling due within one year	17	(129,535)	(51,953)	(181,488)	(159,363)
NET CURRENT ASSETS		<u>107,096</u>	<u>-</u>	<u>107,096</u>	<u>38,963</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		139,462	-	139,462	52,774
CREDITORS					
Amounts falling due after more than one year	18	(120,506)	-	(120,506)	-
NET ASSETS		<u>18,956</u>	<u>-</u>	<u>18,956</u>	<u>52,774</u>
FUNDS	22				
Unrestricted funds				18,956	52,774
Restricted funds				-	-
TOTAL FUNDS				<u>18,956</u>	<u>52,774</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 21 September 2018 and were signed on its behalf by:

G Sherman -Trustee

Changing Lives In Cheshire

Cash Flow Statement **for the year ended 31 December 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	1	6,457	43,960
Interest paid		(1,555)	(1,154)
Net cash provided by (used in) operating activities		<u>4,902</u>	<u>42,806</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(27,288)	(5,877)
Sale of tangible fixed assets		1,282	-
Net cash provided by (used in) investing activities		<u>(26,006)</u>	<u>(5,877)</u>
Cash flows from financing activities:			
New loans in year		135,000	-
Loan repayments in year		(1,121)	(5,000)
Capital repayments in year		(1,859)	(2,314)
Net cash provided by (used in) financing activities		<u>132,020</u>	<u>(7,314)</u>
Change in cash and cash equivalents in the reporting period		<u>110,916</u>	<u>29,615</u>
Cash and cash equivalents at the beginning of the reporting period		<u>66,857</u>	<u>37,242</u>
Cash and cash equivalents at the end of the reporting period		<u><u>177,773</u></u>	<u><u>66,857</u></u>

The notes form part of these financial statements

Changing Lives In Cheshire

Notes to the Cash Flow Statement
for the year ended 31 December 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(33,818)	16,787
Adjustments for:		
Depreciation charges	8,706	5,563
Profit on disposal of fixed assets	(1,255)	-
Interest paid	1,555	1,154
Increase in stocks	(10,923)	(15,407)
Decrease in debtors	31,581	3,813
Increase in creditors	10,611	32,050
Net cash provided by (used in) operating activities	<u>6,457</u>	<u>43,960</u>

Changing Lives In Cheshire

Notes to the Financial Statements for the year ended 31 December 2017

1. STATUTORY INFORMATION

Changing Lives In Cheshire 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 in Cheshire meets the definition of a public benefit entity under FRS 102.

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, 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 2017**

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
Motor vehicles	- 33% 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.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

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 In Cheshire

Notes to the Financial Statements - continued for the year ended 31 December 2017

3. DONATIONS AND LEGACIES

	2017	2016
	£	£
Donations	<u>10,201</u>	<u>4,185</u>

4. OTHER TRADING ACTIVITIES

	2017	2016
	£	£
Shop income	821,244	763,164
Waste credits, recycling, scrap and waste collection	183,107	139,411
Training and work experience	<u>15,071</u>	<u>17,917</u>
	<u>1,019,422</u>	<u>920,492</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2017	2016
		£	£
Grants	Charitable activities	<u>78,670</u>	<u>83,010</u>

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

	2017	2016
	£	£
Grants	<u>78,670</u>	<u>83,010</u>

6. RAISING FUNDS

Other trading activities

	2017	2016
	£	£
Opening stock	23,240	7,833
Purchases	340,701	342,357
Closing stock	(34,163)	(23,240)
Hire of plant and machinery	5,199	5,532
Vehicle hire	36,849	21,252
Licences	3,267	4,658
Bad debts	1,696	800
Motor expenses	<u>30,482</u>	<u>22,931</u>
	<u>407,271</u>	<u>382,123</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 8)	Totals
	£	£	£
Charitable activities	<u>719,219</u>	<u>16,876</u>	<u>736,095</u>

8. SUPPORT COSTS

	Finance	Governance costs	Totals
	£	£	£
Charitable activities	<u>3,001</u>	<u>13,875</u>	<u>16,876</u>

Changing Lives In Cheshire

Notes to the Financial Statements - continued for the year ended 31 December 2017

9. NET INCOME/(EXPENDITURE)

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

	2017	2016
	£	£
Auditors' remuneration	4,000	4,000
Depreciation - owned assets	8,165	3,578
Depreciation - assets on hire purchase contracts and finance leases	541	1,984
Hire of plant and machinery	5,199	5,532
Other operating leases	127,714	62,124
Surplus on disposal of fixed asset	(1,255)	-
Goodwill amortisation	-	1
	<u> </u>	<u> </u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2017 nor for the year ended 31 December 2016.

11. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	491,829	423,368
Social security costs	24,443	21,927
Other pension costs	3,249	3,680
	<u> </u>	<u> </u>
	<u>519,521</u>	<u>448,975</u>

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

2017	2016
<u>33</u>	<u>29</u>

No employees received emoluments in excess of £60,000.

Total emoluments for key management personnel totalled £107,435 (2016: £94,809).

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	4,185	-	4,185
Charitable activities			
Charitable activities	16,428	66,582	83,010
Other trading activities	920,492	-	920,492
Total	<u>941,105</u>	<u>66,582</u>	<u>1,007,687</u>
EXPENDITURE ON			
Raising funds	382,123	-	382,123
Charitable activities			
Charitable activities	542,195	66,582	608,777
Total	<u>924,318</u>	<u>66,582</u>	<u>990,900</u>

Changing Lives In Cheshire

Notes to the Financial Statements - continued for the year ended 31 December 2017

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
NET INCOME/(EXPENDITURE)	16,787	-	16,787
RECONCILIATION OF FUNDS			
Total funds brought forward	35,987	-	35,987
TOTAL FUNDS CARRIED FORWARD	52,774	-	52,774

13. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2017 and 31 December 2017	6,157
AMORTISATION	
At 1 January 2017 and 31 December 2017	6,157
NET BOOK VALUE	
At 31 December 2017	-
At 31 December 2016	-

14. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2017	15,984	5,877	6,495	2,924	31,280
Additions	25,570	-	-	1,718	27,288
Disposals	-	-	(6,495)	-	(6,495)
At 31 December 2017	41,554	5,877	-	4,642	52,073
DEPRECIATION					
At 1 January 2017	8,638	-	5,927	2,904	17,469
Charge for year	6,176	1,469	541	520	8,706
Eliminated on disposal	-	-	(6,468)	-	(6,468)
At 31 December 2017	14,814	1,469	-	3,424	19,707
NET BOOK VALUE					
At 31 December 2017	26,740	4,408	-	1,218	32,366
At 31 December 2016	7,346	5,877	568	20	13,811

Changing Lives In Cheshire

Notes to the Financial Statements - continued for the year ended 31 December 2017

14. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 January 2017	6,495
Disposals	(6,495)
At 31 December 2017	-
DEPRECIATION	
At 1 January 2017	5,927
Charge for year	541
Eliminated on disposal	(6,468)
At 31 December 2017	-
NET BOOK VALUE	
At 31 December 2017	-
At 31 December 2016	568

15. STOCKS

	2017 £	2016 £
Stocks	34,163	23,240

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	50,386	98,307
Other debtors	9,518	4,206
Prepayments	16,744	5,716
	76,648	108,229

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Other loans (see note 19)	13,373	-
Hire purchase (see note 20)	-	1,859
Trade creditors	42,031	27,564
Social security and other taxes	6,362	6,627
VAT	4,480	11,368
Other creditors	1,743	456
Deposits held on account	38,761	60,565
Transforming Children	-	3,500
Tudor Grant	-	22,458
Accrued expenses and deferred income	73,477	8,715
Deina Smith bursary	1,261	1,900
Local sustainability	-	14,000
Bringing Us Together - Café	-	351
	181,488	159,363

Changing Lives In Cheshire

Notes to the Financial Statements - continued for the year ended 31 December 2017

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

	2017	2016
	£	£
Other loans (see note 19)	<u>120,506</u>	<u>-</u>

19. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>13,373</u>	<u>-</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>10,669</u>	<u>-</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>109,837</u>	<u>-</u>

20. LEASING AGREEMENTS

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>1,859</u>

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

	2017	2016
	£	£
Within one year	65,179	7,243
Between one and five years	<u>178,487</u>	<u>3,809</u>
	<u>243,666</u>	<u>11,052</u>

21. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Hire purchase contracts	-	1,859
Other loans	<u>24,978</u>	<u>-</u>
	<u>24,978</u>	<u>1,859</u>

Hire purchase contracts are secured against the assets to which they relate.

Included in other loans are amounts owed to Key Fund Investments Limited which are secured by way of a floating charge.

Changing Lives In Cheshire

Notes to the Financial Statements - continued for the year ended 31 December 2017

22. MOVEMENT IN FUNDS

	At 1.1.17 £	Net movement in funds £	At 31.12.17 £
Unrestricted funds			
General fund	52,774	(33,818)	18,956
TOTAL FUNDS	<u>52,774</u>	<u>(33,818)</u>	<u>18,956</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,050,290	(1,084,108)	(33,818)
Restricted funds			
Tudor Grant	22,458	(22,458)	-
Community Fund Grant - Cafe	351	(351)	-
Local Sustainability Fund	14,000	(14,000)	-
First Ark	8,917	(8,917)	-
Cheshire Community Foundation	13,532	(13,532)	-
	<u>59,258</u>	<u>(59,258)</u>	<u>-</u>
TOTAL FUNDS	<u>1,109,548</u>	<u>(1,143,366)</u>	<u>(33,818)</u>

Comparatives for movement in funds

	At 1.1.16 £	Net movement in funds £	At 31.12.16 £
Unrestricted Funds			
General fund	35,987	16,787	52,774
TOTAL FUNDS	<u>35,987</u>	<u>16,787</u>	<u>52,774</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	941,105	(924,318)	16,787
Restricted funds			
Tudor Grant	23,583	(23,583)	-
Community Fund Grant - Cafe	6,549	(6,549)	-
Local Sustainability Fund	36,450	(36,450)	-
	<u>66,582</u>	<u>(66,582)</u>	<u>-</u>
TOTAL FUNDS	<u>1,007,687</u>	<u>(990,900)</u>	<u>16,787</u>

**Notes to the Financial Statements - continued
for the year ended 31 December 2017**

23. RELATED PARTY DISCLOSURES

During the year, donations of pre-loved household items were made by G Sherman and S Benyon with no conditions. G Sherman's donations realised a value of £27 when sold, and S Benyon's donations realised a value of £30 when sold. There were no related party transactions in the year ended 31 December 2016.

Changing Lives In Cheshire

Detailed Statement of Financial Activities for the year ended 31 December 2017

	2017 £	2016 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	10,201	4,185
Other trading activities		
Shop income	821,244	763,164
Waste credits, recycling, scrap and waste collection	183,107	139,411
Training and work experience	15,071	17,917
	<hr/>	<hr/>
	1,019,422	920,492
Charitable activities		
Grants	78,670	83,010
Other income		
Gain on sale of tangible fixed assets	1,255	-
	<hr/>	<hr/>
Total incoming resources	1,109,548	1,007,687
EXPENDITURE		
Other trading activities		
Opening stock	23,240	7,833
Purchases	336,978	332,049
Waste disposal	3,723	10,308
Hire of plant and machinery	5,199	5,532
Vehicle hire	36,849	21,252
Licences	3,267	4,658
Bad debts	1,696	800
Motor expenses	30,482	22,931
Closing stock	(34,163)	(23,240)
	<hr/>	<hr/>
	407,271	382,123
Charitable activities		
Wages	491,829	423,368
Social security	24,443	21,927
Pensions	3,249	3,680
Rent, rates and water	90,865	40,872
Insurance	16,519	22,269
Light and heat	31,676	15,058
Telephone	3,446	6,081
Postage and stationery	8,026	7,619
Sundries	1,270	2,218
Training	3,286	10,625
Travel costs	2,274	3,220
Volunteer costs	12,282	12,110
Repairs & renewals	3,323	4,010
Computer & internet	5,491	3,248
Cleaning	6,504	7,759
Subscriptions & memberships	4,476	4,608
Goodwill	-	1
Plant and machinery	6,175	2,930
Fixtures and fittings	1,102	-
Motor vehicles	541	1,984
Carried forward	716,777	593,587

This page does not form part of the statutory financial statements

Changing Lives In Cheshire

Detailed Statement of Financial Activities for the year ended 31 December 2017

	2017 £	2016 £
Charitable activities		
Brought forward	716,777	593,587
Computer equipment	887	649
Loan	1,555	1,154
	<hr/>	<hr/>
	719,219	595,390
Support costs		
Finance		
Bank charges	3,001	2,830
Governance costs		
Auditors' remuneration	4,000	4,000
Accountancy and legal fees	9,875	6,557
	<hr/>	<hr/>
	13,875	10,557
Total resources expended	<hr/>	<hr/>
	1,143,366	990,900
	<hr/>	<hr/>
Net (expenditure)/income	<hr/>	<hr/>
	(33,818)	16,787
	<hr/>	<hr/>