

**Report of the Trustees and
Financial Statements for the Year Ended 31 December 2018
for
Changing Lives Together
Previously known as
Changing Lives in Cheshire**

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

Changing Lives Together

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for the year ended 31 December 2018**

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Changing Lives Together

Report of the Trustees for the year ended 31 December 2018

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 2018. 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 constitutes the directors' report as required by company law.

OBJECTIVES AND ACTIVITIES

Objectives and Aims

Incorporation

Changing Lives Together 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

We are 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 in to use. These activities of repair and "up-cycling" happen in both Winsford & Warrington and provide work placement opportunities for the individuals we support.

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

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 2018 was once again up on previous years.

We have seen continuous growth over the last 5 years and our turnover grew to £1,325,236 through an increasing and diversified product range.

In 2017 after more than usual expenses in investing for our future in the Winsford warehouse and at Warrington, we recorded a loss of £33,818. In 2018 we have seen a return to profit of £30,731 and this has been sustained into the first half of 2019.

At the year-end, the charity had reserves totalling £49,687. Although this is below the reserves policy target, of holding sufficient to cover 3 months of expenditure, we are making progress. The charity held £62,448 in cash at the year-end, ahead of the first payment from the Big Lottery. Of this, £40,240 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.

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.

Changing Lives Together

Report of the Trustees for the year ended 31 December 2018

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 in 2018 were:

- 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.

With the approval of the Charity Commission and Companies House these were amended in 2019 to also permit Community Transport activities arising from the merger with Cheshire Community Development Trust.

We continue to develop our Management and Governance structures. We have an increasingly effective leadership team led in 2018 by a co-founder, Gary Cliffe. 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 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 board 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 the risk associated with external factors such as new legislation or new requirements from funders.

How many lives did we change in 2018?

2018 was good year for us...

We made a difference to our community by:

- Supporting total **5,128 families** by providing 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);
- Working with **263 new volunteers & placements**;
- Providing **33,777 volunteer & placement hours**, with **teams of around 50 people** working with us at any one time;
- Employing **37** people, majority of whom were previously unemployed.

And we made a difference to the environment by:

- The award of the Bulky Waste Collection and Disposal service for Warrington Borough Council;
- Collecting **646 tonnes** of commercial furniture & electrical waste;
- Saving **2,595 tonnes** of CO2.

We also made a successful application to the Big Lottery for our work in Warrington and have been awarded a Reaching Communities award of **£374,347** to be drawn down in 2019 and 2020.

Overall the trustees have been pleased to note that we have been able to help more individuals in Winsford and Warrington. This has been recognised by the Big Lottery and invitations to rebid in 2019 for our long-term partnerships with both Cheshire West & Chester and Cheshire East councils.

Finally, we laid the foundations for changing our name and merging with Cheshire Community Development Trust. For the whole of 2018 we were known as Changing Lives in Cheshire. However, after the merger in April 2019 we changed our name to Changing Lives Together, which is the name we now use.

All of this has only been possible by the hard work and dedication of so many of our people - staff, volunteers and friends - and the vision of the leadership team. The trustees sincerely thank them all.

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 deliver efficient support on appointment.

Changing Lives Together

Report of the Trustees for the year ended 31 December 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk Management

The trustees have had 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 board 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 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	
Mr B G Dunn	
Mr G Sherman	
Miss R Waterman	- appointed 6.9.18
Mr P Price	- appointed 29.5.19
Mrs S M Tilling	- appointed 29.5.19

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.

CHANGE OF NAME

The charitable company passed a special resolution on 21 March 2019 changing its name from Changing Lives in Cheshire to Changing Lives Together.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

Changing Lives Together

Report of the Trustees for the year ended 31 December 2018

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

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 and signed on its behalf by:

.....
Mr B G Dunn - 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 2018 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 2018 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.

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.

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

Responsibilities of trustees

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 2018

		Unrestricted fund	Restricted funds	2018 Total funds	2017 Total funds
	Notes	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	25,618	-	25,618	10,201
Charitable activities	5				
Charitable activities		-	80,377	80,377	78,670
Other trading activities	4	1,219,241	-	1,219,241	1,019,422
Other income		-	-	-	1,255
Total		<u>1,244,859</u>	<u>80,377</u>	<u>1,325,236</u>	<u>1,109,548</u>
EXPENDITURE ON					
Raising funds	6	590,692	-	590,692	407,271
Charitable activities	7				
Charitable activities		<u>623,436</u>	<u>80,377</u>	<u>703,813</u>	<u>736,095</u>
Total		<u>1,214,128</u>	<u>80,377</u>	<u>1,294,505</u>	<u>1,143,366</u>
NET INCOME/(EXPENDITURE)		<u>30,731</u>	<u>-</u>	<u>30,731</u>	<u>(33,818)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>18,956</u>	<u>-</u>	<u>18,956</u>	<u>52,774</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>49,687</u></u>	<u><u>-</u></u>	<u><u>49,687</u></u>	<u><u>18,956</u></u>

The notes form part of these financial statements

Changing Lives Together

Balance Sheet At 31 December 2018

		Unrestricted fund £	Restricted funds £	2018 Total funds £	2017 Total funds £
	Notes				
FIXED ASSETS					
Tangible assets	14	38,984	-	38,984	32,366
Investments	15	1	-	1	-
		<u>38,985</u>	<u>-</u>	<u>38,985</u>	<u>32,366</u>
CURRENT ASSETS					
Stocks	16	43,723	-	43,723	34,163
Debtors	17	148,552	-	148,552	76,648
Cash at bank		21,271	40,240	61,511	177,773
		<u>213,546</u>	<u>40,240</u>	<u>253,786</u>	<u>288,584</u>
CREDITORS					
Amounts falling due within one year	18	(116,992)	(40,240)	(157,232)	(181,488)
		<u>96,554</u>	<u>-</u>	<u>96,554</u>	<u>107,096</u>
NET CURRENT ASSETS					
		135,539	-	135,539	139,462
CREDITORS					
Amounts falling due after more than one year	19	(85,852)	-	(85,852)	(120,506)
		<u>49,687</u>	<u>-</u>	<u>49,687</u>	<u>18,956</u>
NET ASSETS					
	22				
Unrestricted funds				49,687	18,956
Restricted funds				-	-
TOTAL FUNDS				<u>49,687</u>	<u>18,956</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 on and were signed on its behalf by:

.....
Mr B G Dunn -Trustee

Changing Lives Together

**Cash Flow Statement
for the year ended 31 December 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	(76,774)	6,457
Interest paid		(10,478)	(1,555)
Net cash provided by (used in) operating activities		<u>(87,252)</u>	<u>4,902</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(15,189)	(27,288)
Purchase of fixed asset investments		(1)	-
Sale of tangible fixed assets		-	1,282
Net cash provided by (used in) investing activities		<u>(15,190)</u>	<u>(26,006)</u>
Cash flows from financing activities:			
New loans in year		-	135,000
Loan repayments in year		-	(1,121)
Capital repayments in year		(13,820)	(1,859)
Net cash provided by (used in) financing activities		<u>(13,820)</u>	<u>132,020</u>
Change in cash and cash equivalents in the reporting period		<u>(116,262)</u>	<u>110,916</u>
Cash and cash equivalents at the beginning of the reporting period		<u>177,773</u>	<u>66,857</u>
Cash and cash equivalents at the end of the reporting period		<u><u>61,511</u></u>	<u><u>177,773</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 2018

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

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	30,731	(33,818)
Adjustments for:		
Depreciation charges	8,571	8,706
Profit on disposal of fixed assets	-	(1,255)
Interest paid	10,478	1,555
Increase in stocks	(9,560)	(10,923)
(Increase)/decrease in debtors	(71,904)	31,581
(Decrease)/increase in creditors	(45,090)	10,611
Net cash provided by (used in) operating activities	<u>(76,774)</u>	<u>6,457</u>

Changing Lives Together

Notes to the Financial Statements for the year ended 31 December 2018

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, 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 2018

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 Together

Notes to the Financial Statements - continued for the year ended 31 December 2018

3. DONATIONS AND LEGACIES

	2018	2017
	£	£
Donations	<u>25,618</u>	<u>10,201</u>

4. OTHER TRADING ACTIVITIES

	2018	2017
	£	£
Shop income	995,884	821,244
Waste credits, recycling, scrap and waste collection	213,443	183,107
Training and work experience	9,914	15,071
	<u>1,219,241</u>	<u>1,019,422</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2018	2017
		£	£
Grants	Charitable activities	<u>80,377</u>	<u>78,670</u>

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

	2018	2017
	£	£
Grants	<u>80,377</u>	<u>78,670</u>

6. RAISING FUNDS

Other trading activities

	2018	2017
	£	£
Opening stock	34,163	23,240
Purchases	491,944	340,701
Closing stock	(43,723)	(34,163)
Hire of plant and machinery	8,036	5,199
Vehicle hire	43,201	36,849
Licences	1,400	3,267
Bad debts	1,341	1,696
Motor expenses	54,330	30,482
	<u>590,692</u>	<u>407,271</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 8)	Totals
	£	£	£
Charitable activities	<u>685,023</u>	<u>18,790</u>	<u>703,813</u>

8. SUPPORT COSTS

	Finance	Governance costs	Totals
	£	£	£
Charitable activities	<u>3,826</u>	<u>14,964</u>	<u>18,790</u>

Changing Lives Together

Notes to the Financial Statements - continued for the year ended 31 December 2018

9. NET INCOME/(EXPENDITURE)

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

	2018	2017
	£	£
Auditors' remuneration	4,720	4,000
Depreciation - owned assets	8,571	8,165
Depreciation - assets on hire purchase contracts and finance leases	-	541
Hire of plant and machinery	8,036	5,199
Other operating leases	143,708	127,714
Surplus on disposal of fixed asset	-	(1,255)
	<u> </u>	<u> </u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2018 nor for the year ended 31 December 2017.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2018 nor for the year ended 31 December 2017.

11. STAFF COSTS

	2018	2017
	£	£
Wages and salaries	437,479	491,829
Social security costs	28,316	24,443
Other pension costs	4,808	3,249
	<u> </u>	<u> </u>
	470,603	519,521
	<u> </u>	<u> </u>

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

2018	2017
32	33
<u> </u>	<u> </u>

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

Total emoluments for key management personnel totalled £132,660 (2017: £107,435).

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	10,201	-	10,201
Charitable activities			
Charitable activities	19,412	59,258	78,670
Other trading activities	1,019,422	-	1,019,422
Other income	1,255	-	1,255
	<u> </u>	<u> </u>	<u> </u>
Total	1,050,290	59,258	1,109,548
 EXPENDITURE ON			
Raising funds	403,354	3,917	407,271
Charitable activities			
Charitable activities	680,754	55,341	736,095
	<u> </u>	<u> </u>	<u> </u>
Total	1,084,108	59,258	1,143,366

Changing Lives Together

Notes to the Financial Statements - continued
for the year ended 31 December 2018

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
NET INCOME/(EXPENDITURE)	(33,818)	-	(33,818)
RECONCILIATION OF FUNDS			
Total funds brought forward	52,774	-	52,774
TOTAL FUNDS CARRIED FORWARD	18,956	-	18,956

13. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2018 and 31 December 2018	6,157
AMORTISATION	
At 1 January 2018 and 31 December 2018	6,157
NET BOOK VALUE	
At 31 December 2018	-
At 31 December 2017	-

14. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2018	41,554	5,877	4,642	52,073
Additions	13,081	249	1,859	15,189
At 31 December 2018	54,635	6,126	6,501	67,262
DEPRECIATION				
At 1 January 2018	14,814	1,469	3,424	19,707
Charge for year	6,508	1,469	594	8,571
At 31 December 2018	21,322	2,938	4,018	28,278
NET BOOK VALUE				
At 31 December 2018	33,313	3,188	2,483	38,984
At 31 December 2017	26,740	4,408	1,218	32,366

Changing Lives Together

Notes to the Financial Statements - continued for the year ended 31 December 2018

15. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST LESS IMPAIRMENT	
Additions	1
	<u>1</u>
NET BOOK VALUE	
At 31 December 2018	1
	<u>1</u>
At 31 December 2017	-
	<u>-</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

Improving Lives Limited

Registered office: The company holds the same registered office as Changing Lives Together.

Nature of business: Retail sale of second-hand goods

	% holding	2018 £	2017 £
Class of share:			
Ordinary	100	1	-
Aggregate capital and reserves		<u>1</u>	<u>-</u>

On the 24 August 2018 Improving Lives Limited was incorporated under the Companies Act 2006. The wholly owned subsidiary has been dormant for the period from incorporation to the Balance Sheet date.

16. STOCKS

	2018 £	2017 £
Stocks	43,723	34,163
	<u>43,723</u>	<u>34,163</u>

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	127,173	50,386
Other debtors	11,103	9,518
Prepayments	10,276	16,744
	<u>148,552</u>	<u>76,648</u>

Changing Lives Together

Notes to the Financial Statements - continued
for the year ended 31 December 2018

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Other loans (see note 20)	34,207	13,373
Trade creditors	28,769	42,031
Social security and other taxes	8,336	6,362
VAT	13,714	4,480
Other creditors	3,581	1,743
Deposits held on account	34,978	38,761
Tudor Grant	5,029	-
Accrued expenses and deferred income	28,386	73,477
Deina Smith bursary	232	1,261
	<u>157,232</u>	<u>181,488</u>

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

	2018	2017
	£	£
Other loans (see note 20)	<u>85,852</u>	<u>120,506</u>

20. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>34,207</u>	<u>13,373</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>30,233</u>	<u>10,669</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>55,619</u>	<u>109,837</u>

21. LEASING AGREEMENTS

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

	2018	2017
	£	£
Within one year	65,179	65,179
Between one and five years	<u>111,949</u>	<u>178,487</u>
	<u>177,128</u>	<u>243,666</u>

22. 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
	<u>18,956</u>	<u>30,731</u>	<u>49,687</u>
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 2018

22. MOVEMENT IN FUNDS - continued

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><u>1,325,236</u></u>	<u><u>(1,294,505)</u></u>	<u><u>30,731</u></u>

Comparatives for 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
	<u>52,774</u>	<u>(33,818)</u>	<u>18,956</u>
TOTAL FUNDS	<u><u>52,774</u></u>	<u><u>(33,818)</u></u>	<u><u>18,956</u></u>

Comparative 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><u>1,109,548</u></u>	<u><u>(1,143,366)</u></u>	<u><u>(33,818)</u></u>

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 £5 (2017:£27) when sold, and S Benyon's donations realised a value of £140 (2017:£30) when sold.

**Notes to the Financial Statements - continued
for the year ended 31 December 2018**

24. POST BALANCE SHEET EVENTS

Under an agreement in April 2019 the charitable company acquired the net assets and operations of Cheshire Community Development Trust. No consideration was payable.

Changing Lives Together

Detailed Statement of Financial Activities for the year ended 31 December 2018

	2018 £	2017 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	25,618	10,201
Other trading activities		
Shop income	995,884	821,244
Waste credits, recycling, scrap and waste collection	213,443	183,107
Training and work experience	9,914	15,071
	<hr/>	<hr/>
	1,219,241	1,019,422
Charitable activities		
Grants	80,377	78,670
Other income		
Gain on sale of tangible fixed assets	-	1,255
	<hr/>	<hr/>
Total incoming resources	1,325,236	1,109,548
EXPENDITURE		
Other trading activities		
Opening stock	34,163	23,240
Purchases	480,183	336,978
Waste disposal	11,761	3,723
Hire of plant and machinery	8,036	5,199
Vehicle hire	43,201	36,849
Licences	1,400	3,267
Bad debts	1,341	1,696
Motor expenses	54,330	30,482
Closing stock	(43,723)	(34,163)
	<hr/>	<hr/>
	590,692	407,271
Charitable activities		
Wages	437,479	491,829
Social security	28,316	24,443
Pensions	4,808	3,249
Rent, rates and water	100,507	90,865
Insurance	17,081	16,519
Light and heat	27,655	31,676
Telephone	5,543	3,446
Postage and stationery	8,506	8,026
Sundries	1,836	1,270
Training	4,119	3,286
Travel costs	4,603	2,274
Volunteer costs	11,127	12,282
Repairs & renewals	1,354	3,323
Computer & internet	6,486	5,491
Cleaning	3,464	6,504
Subscriptions & memberships	3,090	4,476
Plant and machinery	6,508	6,175
Fixtures and fittings	1,469	1,102
Motor vehicles	-	541
Computer equipment	594	887
Carried forward	674,545	717,664

This page does not form part of the statutory financial statements

Changing Lives Together

**Detailed Statement of Financial Activities
for the year ended 31 December 2018**

	2018 £	2017 £
Charitable activities		
Brought forward	674,545	717,664
Loan	10,478	1,555
	<hr/> 685,023	<hr/> 719,219
Support costs		
Finance		
Bank charges	3,826	3,001
Governance costs		
Auditors' remuneration	4,720	4,000
Accountancy and legal fees	10,244	9,875
	<hr/> 14,964	<hr/> 13,875
Total resources expended	1,294,505	1,143,366
	<hr/>	<hr/>
Net income/(expenditure)	<u><u>30,731</u></u>	<u><u>(33,818)</u></u>