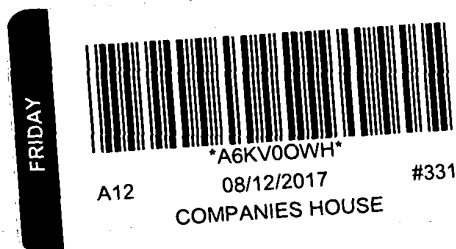


Registered Company: 6820441
Registered Charity: 1131408

Emmaus North East

(A company limited by guarantee and not having a share capital)

Unaudited
Trustees' and Directors' Report
and
Financial Statements
for the
Year ended 30 June 2017



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Emmaus North East
(a company limited by guarantee)

Reference and Administrative Details of the Charity, its Trustees and Advisers for the year ended 30th June 2017

Trustees

Peter Churchill
Paul Evans
Malcolm Graham
Elizabeth Hardy (appointed 20.12.2016)
Richard Hill (Vice Chair)
Martin Huttly
John Machin (Chair) (appointed Trustee 24.01.2017, appointed Chair 20.07.2017)
Donald Pinchbeck
Jane Small
Steven Ward (appointed 28.3.2017. Resigned 11.9.2017)
Susan Wilson CBE (Chair)(resigned Trustee and Chair 13.6.2017)
Andrew Wood (resigned 20.12.2016)

Key Management Personnel

Community Manager

John Harrison

Secretary

Paul Evans (appointed Company Secretary 15.09.2017)
Kelvin Butler (resigned Company Secretary 15.09.2017)

Treasurer

Malcolm Graham (appointed 27.06.2017)

Company Registered Number

6820441

Charity Registered Number:

1131408

Registered Office:

257 Stanhope Road
South Shields
NE33 4RT

Independent Examiners:

RSM UK Tax and Accounting Limited
1 St James Gate
Newcastle upon Tyne
NE1 4AD

Emmaus North East
(a company limited by guarantee)

**Reference and Administrative Details of the Charity, its Trustees and
Advisers for the year ended 30th June 2017**

Bankers:

HSBC Bank plc
110, Grey Street
Newcastle upon Tyne
NE1 6JG

Solicitors:

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Affiliations:

Emmaus North East is an affiliate member of the Emmaus Federation in the UK and a trial member of Emmaus Europe and Emmaus International.

Emmaus North East
(a company limited by guarantee)

Trustees' Report for the year ended 30th June 2017

The Trustees, who are also the directors of the Charity for the purposes of the Companies Act, submit their report and financial statements of Emmaus North East (the Charity) for the year ended 30 June 2017. The financial statements comply with the Charities Act 2011, the companies Act 2006, the Memorandum and Articles of Association and the requirements of Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the financial reporting standard applicable to the United Kingdom (FRS102).

Policies and Objectives

In setting Emmaus North East's objectives, plans and 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 objective of the Charity is to work to overcome homelessness and exclusion and to give people affected by homelessness a sense of belonging.

In 2016 the main objective was to complete and open the Stanhope Road Community residence. This was successfully achieved.

The long-term objective is for ENE to be financially self-sufficient whereby the income generated from its retail and social enterprise activities covers all its operating expenses and negates the need for external funding.

Our short to medium term objectives are to expand our retail operations, develop our social enterprise workshop and increase the number of companions we have to match the capacity of Community Residence. We will also look to increase the size of our Community Residence either through expansion of Stanhope Road or the development of a new residence.

Once our objectives are achieved Emmaus North East will be in a strong position to support and contribute fully to the ethos and values of the Emmaus movement.

The Emmaus Movement

The first UK Emmaus Community was established in 1992. Today 29 communities are operational, with several others in the course of development.

An Emmaus Community offers homeless people a chance to regain their self-respect through living and working in a supportive environment which combines residential accommodation with self-supporting commercial and social enterprises. These enterprises, mainly retail, are based largely on the collection and sale of donated goods as well as refurbishment and recycling.

Every Emmaus Community aims to become self-sufficient through its business activities. Additionally, Emmaus Communities work with a "solidarity concept" whereby they help sister Communities by donating goods for sale in their retail outlets and also offer financial support if needed.

Emmaus North East
(a company limited by guarantee)

Trustees' Report (continued) for the year ended 30th June 2017

Emmaus North East (ENE) - Review of achievements and performance

During the period under review the Charity continued with its mission to establish an Emmaus Community in the North East of England.

The former children's home in Stanhope Road, South Shields, which was acquired in December 2015 for conversion into an Emmaus residence, became fully operational in February 2017. 8 companions are now resident in the building (Community) and work in the social enterprise activities of ENE. It is hoped that 15 Companions will be resident in the Community by mid 2018.

ENE opened a further retail outlet in Hebburn in mid-2017. The Charity now has two shops, Hebburn and the founding shop in Low Fell.

Also opened in 2017 was an industrial unit in St Hilda's where it is planned furniture upcycling work will be carried out as part of the Charity's social enterprise activities.

Fundraising from external donors is and will remain an integral part of ENE activities going forward. The Trustees were extremely pleased with the amount raised in the year, namely £487,822. This amount was above expectations and allowed the completion of the Stanhope Road residence along with many other projects. With the completion of the Community residence we are expecting a significant drop in funds raised from external donors in 2017/2018.

The Charity places a great value on the contributions that volunteers made to the organisation. Over the course of the year, we benefited greatly, not only from the considerable time, energy and expertise given by the Board of Trustees and the companions but other volunteers as well.

Companions work for at least 40 hours each week within the Charity's commercial and social enterprise, mainly retail. The number of companions within the Charity during the year was on average around 6.

Other volunteers spend time on specific projects and events. Volunteer time was donated by 30 individuals during 2016/2017, offering in the region of 4,000 hours.

Public benefit statement

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission for England and Wales in exercising their powers or duties.

The objects of the Charity are the alleviation of homelessness and relief of poverty, hardship and the distress they cause to those in need. Our aims for achieving this are:

- Work with companions to realise their aspirations and potential
- To develop and sustain our social enterprise
- To demonstrate organisational sustainability
- To demonstrate operational sustainability.

Emmaus North East
(a company limited by guarantee)

Trustees' Report (continued) for the year ended 30th June 2017

Structure, governance and management

The Charity is a limited liability company being limited by guarantee and not having a share capital. It was registered in England and Wales under the Companies Act 2006 on 16 February 2009 and its governing documents are its Memorandum and Articles of Association. The Charity was registered as a Charity with the Charity Commission for England and Wales on 27 August 2009. The Charity is an affiliate member of the Emmaus Federation in the UK and a trial member of Emmaus International and Emmaus Europe.

The management of the Charity is the responsibility of its Board of Trustees who are elected and co-opted under the terms of the Articles of Association. Trustees who served during the period under review are shown on page 1. During the year, three new Trustees (John Machin, Steven Ward and Elizabeth Hardy) were appointed to the ENE board. Also during the year, Susan Wilson, Trustee and Chair of the board of Trustees, resigned. In recognition of her exceptional service to ENE the board appointed Susan as President (Honorary) of Emmaus North East. Steven Ward also resigned his Trusteeship in ENE. Paul Evans (a Trustee of ENE) was appointed Company Secretary following the resignation of Kelvin Butler from this position.

ENE is committed to ensuring a proper balance between paying our staff fairly so that we attract and retain the best people for the job and careful management of our Charity funds. In so doing, the Board will ensure the greatest effectiveness in delivering our charitable objectives and meeting the needs of our beneficiaries. ENE will seek advice on remuneration from various sources, including the AVECO Good Pay Guide for Charities and benchmarking similar roles within the Emmaus community.

The Board has a number of sub-committees to take responsibility and oversee certain aspects of the Charity's operations under the chairmanship of a Trustee, as follows:

Fundraising Group – this sub-committee organises, researches and applies for grants from grant making trusts and foundations in accordance with the Board's fundraising strategy.

Finance and Governance Group – this group oversees the financial and management accounts and monitors cash flow. It also reviews governance in with regard to ENE.

Community Development Group - this group is preparing the policies and procedures required for the successful operation of a community and undertakes the necessary recruitment.

Enterprise Group – this sub-committee supervises and monitors the performance of the social enterprise.

Marketing and Communications Group – this sub-committee advises the Board on communications strategy, develops brand values and ensures consistent delivery of key messages.

The day to day operation of ENE is the responsibility of the Charity's Community Manager assisted by his paid staff, ENE Companions and Volunteers.

Emmaus North East
(a company limited by guarantee)

Trustees' Report (continued) for the year ended 30th June 2017

Recruitment of Trustees

The management of the Charity is the responsibility of the Trustees, who are elected and co-opted under the terms of the Articles of Association.

Trustee nominations either come from other Trustees within the Charity and its supporters or via open advertisement and must be approved by existing Trustees, in accordance with the Articles of Association. When specific skills are required, approaches are made to people with relevant expertise who are sympathetic to the ethos of the Charity. If necessary, a Trustee would be co-opted specifically to cover the requirement function. It is intended to recruit around three new Trustees to the ENE board in the 2017/2018 financial year.

Each new Trustee is required to undertake an induction programme which includes briefings on their legal and ethical responsibilities as Trustees, the ethos and values of the Emmaus movement together with the governance, history and operation of ENE. It is intended to introduce annual appraisals of Trustees to measure their collective and individual performance and suitable training is offered in line with the NCVO Code of Governance.

The main Board meets each calendar month. At the Annual General Meeting, Martin Huttly, Richard Hill and Malcolm Graham will retire by rotation from the Board and seek re-election at the Annual General Meeting.

Financial review

Income from charitable activities in the period of £418,431 (£284,900, 2016) showed an increase due to some generous grants from a number of institutions, the detail of which is shown in the financial statements attached.

The Charity shop in Low Fell achieved sales in the period to 30 June of £59,500 (£55,139, 2016) Other generated funds totalled £6,500 (£3,949, 2016) which have mainly been utilised on the capital project.

Voluntary income of £62,891 (£24,952, 2016) generated by net funding of £58,333 (£21,213, 2016) and Gift Aid claimed on donations and goods sold resulted in further income of £4,558 (£3,739, 2016)

Overall, for the year, the Charity incurred a surplus of £380,552 (£247,516, 2016) of which £366,171 (£265,725, 2016) is restricted funds. A surplus of £14,381 (£18,209, 2016) arises on unrestricted funds which will be added to the unrestricted funds balance brought forward from the previous year of £54,318. Following the completion of the property in Stanhope Road during the year, restricted funds in relation to this, totalling £536,238 have been transferred to unrestricted funds.

The overall carried forward reserves of £703,595 (£323,043, 2016) represents £98,658 (£268,725, 2016) of restricted reserves and a balance of £604,937 (£154,318, 2016), most of which is in relation to the property and mortgage and which will be used to further the aims of the Charity. It is the Trustees' policy to hold a minimum of three months' expenditure in reserves.

**Emmaus North East
(a company limited by guarantee)**

Trustees' Report (continued) for the year ended 30th June 2017

Reserves policy

The Reserves Policy has been updated by the Trustees. The objective of having an operational reserve of £35,000 has been approved, although it will take some time to reach this level. This is to cover 3 month's costs in the event of closure. The Trustees and the finance committee monitor to maintain protection under the FSCS compensation scheme. The level of "free reserves" (being unrestricted funds less fixed assets is -£216,033). Reserves will be built up using income achieved from the Charity's trading operations.

Investment policy

The Charity has the power under the Memorandum and Articles of Association to make any investment which the Trustees see fit. Given the level of funds generated to date and the early stage of the Charity's project to establish an Emmaus Community, it is considered appropriate to keep funds in a form that is immediately accessible.

Risk management

The Board of Trustees reviews the risks the Charity may face at each board meeting and is satisfied that systems are in place to mitigate exposure. However, the Trustees recognise that as the project progresses further factors may arise and will undertake further reviews from time to time.

Principal risks and uncertainties

Short term the principle risk facing the Charity centres around income. Should our retail outlets fail to develop and grow and should our fund raising fall below expectation then this will put pressure on the finances of ENE.

Regarding retail, the Enterprise group on a monthly basis closely monitors monthly sales and through our recent investment in the KUDOS EPS system can follow sales on a daily basis from each of our outlets. We are always active with special promotions etc to increase sales if necessary. A major expansion of our retail operation is planned for 2018 which should lead to a significant increase in income generation and "surplus" for the Charity. We are also broadening the base of the business by activities such as house clearances.

Fund raising is closely targeted on funds which will support activities required by the Charity.

In the medium term Universal Credit and the potential loss of housing benefit for each of our resident Companions is a risk and uncertainty for the Charity. We are closely following the situation as there is still a lack of clarity as to what the government will do in this area, keeping in constant contact with Emmaus UK in order to follow their work and recommendations and are in regular contact with local government officials to understand their position on this issue.

Emmaus North East
(a company limited by guarantee)

Trustees' Report (continued) for the year ended 30th June 2017

Going concern

There are no material uncertainties in respect of the Charity's ability to continue as a going concern. Despite negative free reserves, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. In addition, the Charity has in place a contingent loan facility with Emmaus UK, should fundraising revenue fall short of expectations.

Plans for the Future

The Charity's primary objective is financial self-sufficiency and a financial situation which will allow scope to ceaselessly work on the Charity's mission with regard to homelessness and giving our Companions work, training and a sense of belonging.

Self-sufficiency will come from expanding the Charity's retail activities and creating higher added value products through its social enterprise workshop.

**Emmaus North East
(a company limited by guarantee)**

Trustees' Report (continued) for the year ended 30th June 2017

Trustees' responsibilities

Company and Charity law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Charity and of the incoming reserves and application of reserves, 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 apply them consistently;
- 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;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Charity will continue in operation.

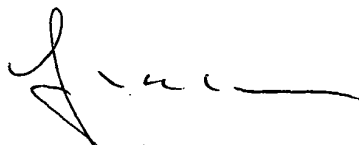
The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets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

Independent Examiner

A resolution regarding the reappointment of RSM UK Tax and Accounting Ltd as Independent Examiner will be proposed at the Annual General Meeting.

Preparation of this report

This report has been prepared in accordance with the provisions applicable to companies entitled to the small company's exemption and was approved by the Trustees on 28 November 2017 and signed on their behalf, by



John Machin
Chair of the Board of Trustees



Malcolm Graham
Treasurer and Trustee

Emmaus North East
Statement of Financial Activities
(Incorporating the Income and Expenditure Account)
For the year ended 30 June 2017

	Note	Restricted Funds 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
INCOME FROM:					
Investments	2	-	39	39	29
Donations and Legacies	3	-	62,891	62,891	24,952
Other trading activities	4	-	72,963	72,963	59,088
Charitable activities	5	418,431	-	418,431	284,900
TOTAL		418,431	135,893	554,324	368,969
EXPENDITURE ON:					
Raising funds	6	-	90,465	90,465	74,532
Charitable activities	6	52,260	31,047	83,307	46,921
TOTAL		52,260	121,512	173,772	121,453
Net Movement in Funds for the Year		366,171	14,381	380,552	247,516
Gross transfers between Funds		(536,238)	536,238	-	-
RECONCILIATION OF FUNDS:					
TOTAL FUNDS brought forward		268,725	54,318	323,043	75,527
TOTAL FUNDS carried forward		98,658	604,937	703,595	323,043

The Statement of Financial Activities includes all gains and losses recognised in the period and all incoming resources and resources expended derived from continuing activities.

The notes on pages 13 to 25 form an integral part of these financial statements

These unaudited financial statements have been subjected to Independent examination. See report on page 26.

**Emmaus North East
Balance Sheet
As at 30 June 2017**

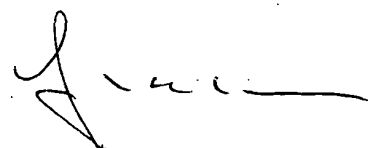
	Note	2017		2016	
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	10		820,970		417,878
CURRENT ASSETS					
Debtors	11	11,684		57,584	
Cash in hand and at bank		90,159		110,520	
		<u>101,843</u>		<u>168,104</u>	
CREDITORS: amounts falling due within one year	12	<u>(9,218)</u>		<u>(52,939)</u>	
NET CURRENT ASSETS			92,625		115,165
CREDITORS: amounts falling due more than one year	13		<u>(210,000)</u>		<u>(210,000)</u>
NET ASSETS			<u>703,595</u>		<u>323,043</u>
THE FUNDS OF THE CHARITY					
Restricted Funds	15	98,658		268,725	
Unrestricted Designated Funds		-		210	
Unrestricted General Funds		604,937		54,108	
TOTAL CHARITY FUNDS	16		<u>703,595</u>		<u>323,043</u>

For the year ending 30 June 2017 the Charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the Charity to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board on 28 November 2017.



John Machin
Chairman of the Board of Trustees

Emmaus North East
Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 £	2016 £
Cash used in operating activities	23	<u>390,532</u>	<u>256,062</u>
Cash flow from investing activities			
Interest income		39	29
Purchase of tangible fixed assets		(410,932)	(406,263)
Cash used in investing activities		<u>(410,893)</u>	<u>(406,234)</u>
Cash flow from financing activities:			
Cash flow from new borrowing		60,000	210,000
Repayment of borrowing		(60,000)	-
Cash from financing activities		<u>-</u>	<u>210,000</u>
 (Decrease)/Increase in cash and cash equivalents in the year		 (20,361)	 59,828
Cash and cash equivalents at the beginning of the year		110,520	50,692
Total cash and cash equivalents at the end of the year		<u>90,159</u>	<u>110,520</u>

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

1 Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost basis. The financial statements have been prepared in accordance with the Companies Act 2006 and with Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) (effective 1 January 2015)- Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK (FRS102).

Emmaus North East is a charitable company limited by guarantee, registered in England. The address of the Charity's registered office is 257 Stanhope Road, South Shields NE33 4RT. The charity meets the definition of public benefit entity under FRS 102.

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

Reconciliation with previous Generally Accepted Accounting Practice.

These financial statements are the first financial statements prepared in accordance with FRS 102. The financial statements for the year ended 30 June 2016 were prepared in accordance with previous UK GAAP. In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS102) the restatement of comparative items was required. No such restatement was considered necessary.

Going Concern

Financial Reporting Standard 102 requires, if appropriate, the Charity's financial statements are prepared on the going concern basis, which means that the charity is able to continue to operate on the basis of known and reasonable projected resources. There are no material uncertainties about the charity's ability to continue.

The charity has a contingent loan facility in place with Emmaus UK to cover any shortfall in fundraising.

The loan facility is for amounts up to £70,000 and remains in place until 28 February 2018.

1.2 Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds which the Trustees have set aside for specific purposes necessary for the future operation of the Charity. The Trustees have the power to reallocate such funds within unrestricted funds unless and until expended.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or grantors which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

1 Accounting Policies (continued)

1.3 Income

Income from charitable activities is recognised in the period in which the charitable company has entitlement to the funds, any conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Grants for immediate expenditure and with no conditions on the delivery of a specific performance by the Charity are accounted for when the charity becomes unconditionally entitled to the grant. Grant income where related to performance and specific deliverables which will occur in future accounting periods are deferred and recognised in those periods where the Charity earns the right to consideration by its performance. Grants received for specific purposes are treated as restricted funds.

Income from donations are include in the Statement of Financial Activities when receivable. In accordance with the Charities SORP (FRS102) general volunteer time is not recognised.

Income from trading activities is recognised as earned as the related goods and services are provided.

Investment income is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

1.4 Expenditure

All expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Resources expended are included in the Statement of Financial Activities on an accruals basis.

Costs of raising funds are those incurred in seeking voluntary contributions, grants and the generation of funds through fundraising events. Resources expended on charitable activities comprise the costs incurred by the Charity in working to meet its charitable objectives. Governance costs are those costs incurred in providing the governance infrastructure which allows the Charity to operate and comply with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, and the conditions remain within the control of the Charity, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

1 Accounting Policies (continued)

1.5 Tangible Fixed Assets and Depreciation

Capital expenditure on individual items costing under £500 may be written off to income and expenditure account in the accounting period in which it is incurred.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Property	straight line over 50 years
Leasehold Property	straight line over 6 years
Fixtures, Fittings and Equipment	straight line over 6 years
Motor Vehicles	reducing balance at 25% per annum

In the event of impairment assets are written down to their residual value.

1.6 Operating leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Charity substantially all of the risks and rewards incidental to ownership ('Financial Leases'). All other leases are operating leases.

Operating leases - the Charity as a lessee

The Charity classified the lease of properties and equipment as operating leases. Rental charges are charged to the Statement of Financial Activities on a straight line basis over the period of the lease. Rent free periods or other incentives received for entering into an operating lease are accounted for as a deduction to the expense and are recognised, on a straight line basis over the lease term.

1.7 Financial Instruments

The Charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Issues" of FRS 102 in full in all of its financial instruments. All of the Charity's financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.8 Debtors

Trade debtors and prepayments are valued at the amount of the transaction.

1.9 Cash at bank and in hand

Cash at bank and cash in hand includes cash held at bank and cash in hand.

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

1 Accounting Policies (continued)

1.10 Creditors

Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of all funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

1.11 Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless these costs are required to be capitalised as an intangible or tangible fixed asset.

Certain employees are entitled to carry forward unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are required.

1.12 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under circumstances.

Critical accounting estimates and assumptions

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Critical areas of judgement

In categorising leases as finance leases or operating leases, the Trustees make judgements as to whether significant risks and rewards or ownership have been transferred to the charity as lessee.

In recognising income, the Trustees make judgements as to whether the conditions of income have been met.

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

2 INCOME FROM INVESTMENTS

	Restricted Funds 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Bank Interest	-	39	39	29
2016 Total	-	29	29	

3 INCOME FROM DONATIONS AND LEGACIES

	Restricted Funds 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
<i>Donations</i>				
Regular and ad-hoc donations	-	62,891	62,891	24,952
	-	62,891	62,891	24,952
2016 Total	20,744	4,208	24,952	

4 INCOME FROM OTHER TRADING ACTIVITIES

	Funds 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Charity shop sales	-	59,500	59,500	55,139
Fundraising events	-	6,500	6,500	3,949
Housing Benefit	-	6,963	6,963	
	-	72,963	72,963	59,088
2016 Total	-	59,088	59,088	

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

5 INCOME FROM CHARITABLE ACTIVITIES

These consist of grants given specifically for the provision of or development of services as part of our charitable activities and fees charged for those activities.

	Restricted Funds 2017 £	Restricted Funds 2016 £
<i>Grants from institutions</i>		
The Community Foundation - John Laing Charitable Trust	2,450	-
The Community Foundation - Joseph Brough Charitable Trust	2,000	-
Barclays	1,000	-
The Big Lottery Fund	17,231	-
The Rothley Trust	1,500	-
Lloyds Bank Foundation for England & Wales	25,000	-
The Clothworkers' Foundation	15,000	-
The ACT Foundation	10,000	-
Santander Foundation	5,000	-
Virgin Money Foundation	300,000	-
Quaker Housing Trust	8,000	-
Sir James Knott Trust	10,000	-
Moto in the Community Trust	250	-
Tesco Bags of Help - Groundwork	1,000	-
The Shears Foundation	10,000	25,000
The Catherine Cookson Charitable Trust	-	50,000
The Barbour Foundation	10,000	50,000
The Joicey Trust	-	3,000
Community Foundation - Port of Tyne Community Action Fund	-	5,000
Community Foundation - P & G Community Fund	-	8,372
Garfield Weston Foundation	-	100,000
Bernard Sunley Charitable Foundation	-	40,000
Muckle LLP	-	500
Vera Baird Fund	-	1,400
Community Foundation - Suz Grassroots Fund	-	1,628
	418,431	284,900

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

6 EXPENDITURE	Direct Staff Costs 2017 £	Direct Other Costs 2017 £	Support Costs 2017 £	Total 2017 £	Total 2016 £
Costs of raising funds:					
Charity shop	24,711	64,670	1,084	90,465	74,532
Charitable activities:					
Community Establishment	28,036	51,223	601	79,860	41,696
Governance costs	-	2,374	1,073	3,447	5,225
Total resources expended	52,747	118,267	2,758	173,772	121,453

The costs of raising funds was £90,465 (2016: £74,532) of which £90,465 was unrestricted (2016: £74,532) and £Nil was restricted (2016 : £Nil).

Expenditure on charitable activities was £83,307 (2016: £46,921) of which £31,047 was unrestricted (2016: £7,002) and £52,260 was restricted (2016: £39,919).

Support costs consist of the following:

	Total 2017 £	Total 2016 £
Premises and office administration	2,758	2,521
	2,758	2,521

Staff costs include salary, employer payroll taxes and pension contributions, staff development and travel and subsistence costs.

Support costs have been apportioned on an area occupied and time spent on each of the principal activities.

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

7 NET MOVEMENTS IN FUNDS

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	7,840	5,830
Independent Examination	1,500	900
	<hr/>	<hr/>

8 TRUSTEES' REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

During the year no Trustee received any remuneration (2016 : Nil) or benefit in kind (2016 : Nil).

No Trustees received any reimbursement of expenses in the current year (2016 : Nil).

Trustees indemnity insurance paid during the year amounted to £465 (2016: £155).

The Key Management Personnel of the Charity comprise the trustees and a community manager.

Total employee benefits of the Key Management Personnel for the year was £21,804 (2016: £Nil)

9 STAFF COSTS AND NUMBERS

	2017 £	2016 £
Wages and salaries	50,752	22,179
Social Security costs	1,878	820
Pension cost	117	-
	<hr/>	<hr/>
	52,747	22,999
	<hr/>	<hr/>

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

	2017 No.	2016 No.
Full time (30 hours per week)	3	1
Part time (6-30 hours per week)	1	1
Analysed between:		
Community Operations	2	-
Generation of funds	2	2
	<hr/>	<hr/>

No employee received remuneration greater than £60,000 in the year (2016: none).

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

	Motor Vehicles	Leasehold property	Fixtures fittings and equipment	Freehold Property	Total
	£	£	£	£	£
10 TANGIBLE FIXED ASSETS					
Cost					
At 1 July 2016	5,700	20,777	5,556	403,761	435,794
Additions	-	-	13,775	397,157	410,932
At 30 June 2017	5,700	20,777	19,331	800,918	846,726
Depreciation					
At 1 July 2016	1,782	13,647	2,487	-	17,916
Charge for the year	1,308	3,310	3,222	-	7,840
At 30 June 2017	3,090	16,957	5,709	-	25,756
Net book value					
At 30 June 2017	2,610	3,820	13,622	800,918	820,970
At 30 June 2016	3,918	7,130	3,069	403,761	417,878

The freehold property was acquired on 11 December 2015 and has a secured charge against it in respect of an outstanding loan (see note 13).

11 DEBTORS	2017	2016
Amounts falling due within one year	£	£
Debtors	2,471	48,565
Prepayments	9,213	8,260
Other Debtors	-	759
	11,684	57,584

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

12 CREDITORS	2017	2016
Amounts falling due within one year	£	£
Sundry creditors	4,471	52,039
Accruals and deferred income	4,747	900
	9,218	52,939

13 CREDITORS	2017	2016
Amounts falling due more than one year	£	£
Loan	210,000	210,000
	210,000	210,000

The loan is subject to interest at 4% and is secured on the company's property at Stanhope Road.
The Loan is repayable by instalments over 25 years commencing 30 June 2018 as follows:

	2017	2016
	£	£
Between 2 and 5 years	28,000	28,000
After 5 years	182,000	182,000
	210,000	210,000
Within 1 Year	-	-
	210,000	210,000

14 OPERATING LEASE COMMITMENTS

At 30 June 2017 the Charity had annual commitments under non-cancellable operating leases as follows:
annual commitment under this non-cancellable operating lease is as follows:

	2017	2016
	£	£
Expiry date:		
Between one and five years	99,750	44,000

15 RESTRICTED FUNDS

	Brought Forward	Income	Expenditure	Fund Transfers	Carried Forward
	£	£	£	£	£
Project Funds					
North East Community	268,725	418,431	(52,260)	(536,238)	98,658
	268,725	418,431	(52,260)	(536,238)	98,658

RESTRICTED FUNDS - PREVIOUS YEAR

	Brought Forward	Income	Expenditure	Fund Transfers	Carried Forward
Project Funds					
North East Community	-	305,644	(36,919)	-	268,725
John Laing Comm Fund	3,000	-	(3,000)	-	-
	3,000	305,644	(39,919)	-	268,725

Restricted Funds are amounts received by the Charity for use for specific purposes.

These grants and donations were received specifically to be used for the development of an Emmaus Community in Gateshead to provide a home and place of work for homeless people.

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

16 SUMMARY OF FUNDS	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Unrestricted Designated Funds	210	-	(210)	-	-
Unrestricted General Funds	54,108	135,893	(121,302)	536,238	604,937
Subtotal	54,318	135,893	(121,512)	536,238	604,937
Restricted Funds	268,725	418,431	(52,260)	(536,238)	98,658
Total of Funds	323,043	554,324	(173,772)	-	703,595

SUMMARY OF FUNDS - PREVIOUS YEAR	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Unrestricted Designated Funds	-	300	(90)	-	210
Unrestricted General Funds	72,527	63,025	(81,444)	-	54,108
Subtotal	72,527	63,325	(81,534)	-	54,318
Restricted Funds	3,000	305,644	(39,919)	-	268,725
Total of Funds	75,527	368,969	(121,453)	-	323,043

Designated funds of £300 were received from by Gateshead MBC in order to promote the charity.

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Restricted Funds	Unrestricted Funds	Total Funds
	2017	2017	2017
	£	£	£
Tangible fixed assets	-	820,970	820,970
Current assets	98,658	3,185	101,843
Creditors due within one year	-	(9,218)	(9,218)
Creditors due more than one year	-	(210,000)	(210,000)
Total	98,658	604,937	703,595

ANALYSIS OF NET ASSETS BETWEEN FUNDS	Restricted Funds	Unrestricted Funds	Total Funds
PREVIOUS YEAR	2016	2016	2016
	£	£	£
Tangible fixed assets	403,761	14,117	417,878
Current assets	125,310	42,794	168,104
Creditors due within one year	(50,346)	(2,593)	(52,939)
Creditors due more than one year	(210,000)	-	(210,000)
Total	268,725	54,318	323,043

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

18 PENSION COMMITMENTS

The Charity makes contributions to its employees' personal pension scheme. The pension cost charge represents contributions payable by the Charity which amounted to £117 (2016: Nil).

19 CONTINGENT LIABILITIES

There is a contingent liability to in respect of grants awarded by Emmaus UK between 2009 and 2012 amounting to £22,500 becoming repayable.

20 TAXATION

The company is a registered charity and is exempt from income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxes Chargeable Gains Act 1992 to the extent that these are applies to its charitable object. No tax charges have arisen in the Charity.

21 FIRST TIME ADOPTION OF FRS 102

These are the first financial statements that comply with FRS 102. The Charity transitioned to FRS 102 on 1 July 2016. No transitional adjustments were required to total funds or income and expenditure in the year.

22 CONTROL

The Charity is controlled by the Board of Trustees.

23 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net movement in funds	380,552	247,516
Add back depreciation charge	7,840	5,830
Deduct interest income shown in investing activities	(39)	(29)
Decrease (increase) in debtors	45,900	(48,112)
Increase (decrease) in creditors	(43,721)	50,857
Net cash used in operating activities	390,532	256,062

24 VOLUNTEER TIME

The Charity places a great value on the contributions that volunteers made to the organisation. Over the course of the year, we benefitted greatly not only from the considerable time, energy and expertise given by the Board of Trustees and the companions but other volunteers as well. Companions work for at least 40 hours each week within the Charity's commercial and social enterprises, mainly retail. The average number of companions within the Charity during the year was three.

Other Volunteers spend time on specific projects and events. Volunteers time was donated by 30 individuals during 2016/17, offering in the region of 4,000 hours.

Emmaus North East
Notes to the Financial Statements
For the year ended 30 June 2017

25 FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Carrying amount of financial assets		
Measured at amortised cost	2,471	49,324
 Carrying amount of financial liabilities		
Measured at amortised cost	214,471	262,039

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF EMMAUS NORTH EAST FOR THE YEAR ENDED 30 JUNE 2017

I report on the accounts of Emmaus North East for the year ended 30 June 2017, which are set out on pages 10 to 25.

Respective responsibilities of trustees and examiner

The trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145 (5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Name: Lucy Robson

Relevant professional qualification or body: ICAEW

L Robson

ON BEHALF OF RSM UK TAX AND ACCOUNTING LIMITED

Chartered Accountants

1 St James Gate

Newcastle upon Tyne

NE1 4AD

30/11/17