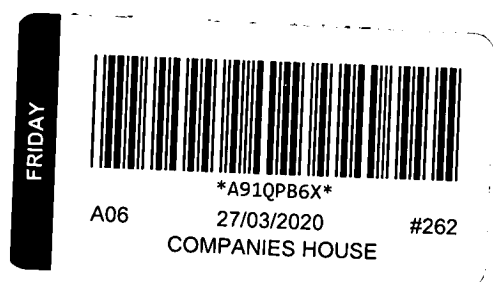


EMMAUS NORTH EAST
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2019

Charity Number 1131408
Company Number 6820441



EMMAUS NORTH EAST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2019

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TRUSTEES ANNUAL REPORT
For the year ended 30 June 2019

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 (ENE; the Charity) for the year ended 30 June 2019. 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 the Charity's objectives, plans and activities, the Trustees have given due consideration to guidance published by the Charity Commission relating to public benefit and to its supplementary public benefit guidance.

The **medium - long-term objectives** for the Charity are;

1. to be financially self-sufficient, whereby the income generated from its social enterprise activities cover all its operating expenses and negates the need for external funding.
2. to increase the size of its Community facilities, either by expansion of its present Stanhope Road residence, development of a further residence or the acquisition of "move on" flats for companions who are transitioning between residing in a community residence and independent living in their own accommodation.

The Charity's **short-term objectives** are to;

1. expand its retail operations
2. develop its social enterprise workshop
3. find and develop other income streams
4. increase the number of companions living in the Stanhope Road Community Residence so that the residence operates at full capacity (15 companions) on a regular basis.

Once its objectives are achieved, the Charity will be in a strong position to support and fully contribute to the ethos and values of the Emmaus movement.

The Emmaus Movement

The first UK Emmaus Community was established in 1992. Today 29 Emmaus communities are operational, with many 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 social enterprises. These enterprises, mainly retail, are based largely on the collection and sale of donated goods as well as refurbishment and recycling of various goods and scrap materials in line with the principles of a circular, low waste economy.

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

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TRUSTEES ANNUAL REPORT

For the year ended 30 June 2019

The **vision** of Emmaus in the UK is *"a world in which everyone has a home and sense of belonging"*.

The **mission** of Emmaus in the UK is *"to work together to overcome homelessness and exclusion"*

The values of the Emmaus movement are to;

- value and respect every person.
- oppose injustice.
- be transparent and honest in all our dealings.
- demonstrate solidarity and support for those in need.
- create an environment of empowerment.
- share and exchange resources, skills and learning.
- support, foster and cherish independence.
- work to live and give.

Emmaus focuses upon its companions and seeks to ensure they have a consistent core offer outlining the mutual expectations of both Emmaus and themselves. All companions are enabled and encouraged to participate fully in Emmaus.

All companions should have consistent, effective and individual support.

Companions should have access to a range of training and development opportunities and have access to routes into employment and next-step housing.

Emmaus North East (the Charity) fully supports and is aligned with the vision, mission and values and companion focus of Emmaus UK.

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

Brief Overview

- Overall, 2018 / 2019 was a very positive year for the Charity.
- Progress was made across all areas of ENE.

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TRUSTEES ANNUAL REPORT

For the year ended 30 June 2019

- *The Charity's financial position improved significantly.*
- *Sales from ENE's retail units grew strongly.*
- *The community residence in South Shields started operating at near full capacity (15 companions).*
- *The award from Reaching Communities (National Lottery) allowed extra resources (Enterprise Manager & Workshop Manager) to be employed – further driving the growth of the Charity.*
- *The Reaching Communities project is already having a measurable and positive impact on improving the "life skills" of the Charity's companions and volunteers.*
- *A food pantry was opened in South Shields*
- *A new shop was opened in South Shields early in the 2019 / 2020 year.*
- *A larger and better equipped workshop was opened.*
- *An extra storage unit was leased.*
- *A house was donated to the Charity from an outside benefactor.*
- *The Charity's board was refreshed with the addition of new trustees – all of whom possess skills to benefit the Charity.*

Achievements & Performance.

During the period under review the Charity further consolidated and developed its Emmaus Community in the North East

257 Stanhope Road, South Shields, the former Children's home acquired in December 2015 for conversion into an Emmaus residence and which became fully operational in February 2017, remains the centre and focus of ENE activities. In 2018 / 2019 the number of residents (known as companions) housed in Stanhope Road increased and full occupancy (15 companions) or close to full occupancy was achieved for significant parts of the year.

Last year the Charity reported its success in obtaining a major grant from Reaching Communities (National Lottery). This for a project designed to enhance the "life-skills" of the Charity's companions and volunteers (often themselves individuals dealing with challenging circumstances). ENE was awarded £243,000 over three years to support the project. Funding was tapered to support the organisations growth and development, with ENE receiving £120,000 in Year 1, falling to £53,000 in Year 3.

With regard to companions and volunteers, the aim of the project is to help and support them enhance their "life-skills" by recovering their confidence and self-respect and helping them make a fresh start in rebuilding their lives.

Companions in ENE live in the Stanhope Road residence, relinquish all state benefits, except housing benefit, and live by the rules of the community. Companions work a 40-hour week in ENE social enterprises to the best of their individual abilities and no alcohol or drugs are allowed on the premises.

Although companions are at the heart of the organisation, ENE is also about giving back or what is referred to in Emmaus as solidarity. There is a strong ethos in the Charity of working with volunteers, especially those who need help entering the labour market. This is beneficial to both volunteers and companions who work side by side to ensure the smooth running of the social enterprises.

TRUSTEES ANNUAL REPORT
For the year ended 30 June 2019

The support given through the Reaching Communities project aims to ensure all companions can move toward independent living and employment when they are ready, but there is no time limit for this. Companions and volunteers are at the heart of the project and at the centre of all the project's planning, development and implementation.

ENE's social enterprises and the work they provide are at the core of the organisation and how it functions. Working in the social enterprise supports companions to have purpose and structure in their lives, which is extremely important for their well-being and central to the (Emmaus) concept of "*helping yourself through helping others*".

Prior to receiving Reaching Communities funding, ENE's social enterprise consisted of only two shops along with a very small and basic workshop. Thanks to the Reaching Communities funding, the Charity made considerable progress in the year in developing its social enterprises. The workshop was expanded, a storage unit was rented, and significant effort expended on searching for further retail premises – which at the time of writing this report have been successful with the addition of a further shop in South Shields to add to ENE's retail portfolio.

The funding from Reaching Communities allowed ENE to increase its human resources. This increase in capacity means ENE now has the personnel to develop further its social enterprises and focus the drive toward self-sufficiency.

Two key appointments were made in the year.

ENE recruited a highly skilled, qualified and experienced **Workshop Manager** to manage its expanded and upgraded workshop facility. Apart from managing the Workshop, the Workshop Manager works with a wide range of volunteers (alongside the companions who work in facility) – teaching the necessary skills to upcycle furniture and design and build various bespoke items such as garden furniture and other wood-based items. All items produced in the Workshop are sold in the various ENE shops and generate income for the Charity whilst also teaching transferable and employability skills in their production.

The appointed Workshop Manager has considerable experience in working with complex adults and is both able to support them with their skills development and create a supportive environment where people feel able to disclose their issues. This in turn leads to their own personal development. The success of the workshop is clearly demonstrated by the number of volunteers from DWP (Department Work and Pensions) and disability charities who stay on and continue to volunteer after their placement is complete

Reaching Communities funding also permitted the employment of an **Enterprise Manager**. The Enterprise Manager has day-day responsibility for all ENE's existing social enterprises and is tasked to explore new and different social enterprises to increase the range of work experience opportunities for our companions and volunteers as well as income generation for the Charity. Also in the year, we have increased the number of house and garden clearances we can offer since we now have two vans and a wider pool of drivers to deliver and collect donated goods from house clearances.

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For the year ended 30 June 2019

This year also saw ENE develop relationships and partnerships with many outside organisations. Due to the work we have been able to do as a result of the Reaching Communities funding, we now have a wide range of partners who contribute to different elements of Emmaus North East.

The Charity works with a wide range of partners to provide referrals to Emmaus North East for both companions and volunteers. These include:

- Referrals from DWP on work placements
- Probation placements
- HMP Northumberland where ENE give talks and encourage people to refer to the organisation, this is through the DART team at the prison
- South Tyneside Homes
- Human Kind
- Shelter
- Crisis
- Blissability
- Police

The Charity has entered into an information sharing agreement with the police. This allows the Police to refer people to become companions and occasionally directly bring people to our enterprises or residential space.

To help facilitate its day to day business and operations, the Charity developed or further developed existing relationships with many operational partners. For example;

- Emmaus UK for ongoing operational support in staff development, communication, HR and governance
- Virgin Money – this connection means people without ID can set up a basic bank account – means their allowance is paid into that and it helps them manage their money
- FareShare – to provide food for both our residential accommodation and our pantry
- MH Southern – who donate ENE scrap wood for our workshop
- Hillcross Furniture – who donate unwanted chairs for recycling and sale by the Charity.

ENE has links with various local auction companies which provide items to be sold through the Charity's online or physical sites.

ENE worked with the Google Digital Garage in the year. This had a focus on digital inclusion. The Charity became a Good Things Foundation member to provide basic IT training to companions and wider partners. The "Google Bus" offered free training and was based at the Community Home (Stanhope Road) allowing both companions and local businesses to receive free training.

The Charity plays an active role in local forums and with local partnerships and participates in the following forums:

- South Tyneside Church Action for Refugees
- South Tyneside Homelessness Reduction Forum

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TRUSTEES ANNUAL REPORT

For the year ended 30 June 2019

- South Tyneside Regional Equalities Forum

The Charity increased its effort regarding marketing and communications during the year, with social media activities increasing significantly. The Charity bought in support from the Communications Team at Emmaus UK. They worked with the Charity on press releases, and ENE averaged one article per month in local papers. The Charity also featured in the Prison Times and companions appeared on Heart radio. The Charity also appeared on Tyne and Wear TV.

ENE is continuing to establish its social enterprises with the support from The National Lottery Community Fund and will increase its promotional activities over the coming year to support this component.

A highlight of the year was the opening in South Shields of a food pantry, Lucie's Pantry. This was opened by the Member of Parliament for South Shields, Emma Lewell-Buck. There are currently 45 members and the pantry opens one day per week. The Charity works in partnership with Clarion Futures and FareShare to provide the household items (mainly food) for the pantry. The Charity has people referred to the pantry from housing providers and local food banks. The ability to give every member a fresh turkey on Christmas Eve was fantastic! Lucie's pantry, which is operated by companions, allows companions to help themselves through helping others in the local community who need assistance.

The charity was the beneficiary of a major and unexpected donation during the year. A donor, who wishes to remain anonymous, kindly donated a house to ENE. After much consideration, the Trustees decided the location of the house was not ideal to support the Charity's operations and thus decided to sell it. It is anticipated the house will be sold in early 2020. The Charity should clear around £50,000 on the sale, once associated expenses have been paid. The Charity will look to acquire another property closer to its residence in South Shields with the proceeds of this sale.

In 2018 / 2019 the Charity's retail activities developed in a positive way. Sales from the shops and storage unit, at close to £150,000, were a pleasing 40% above the previous year. Both Hebburn and Low Fell increased sales by around 20% and sales from the storage unit were up by around 250%.

The Charity received help from Lloyds Foundation during the year. Lloyds provided a retail consultant to analyse the retail activities of ENE and recommend ways to improve the Charity's activities in this area.

Cranfield Trust also provided expertise to the Charity by providing a consultant to help with ENE's strategy work and business planning.

Fundraising from external donors is and will remain an integral part of the Charity's activities going forward. The Trustees were satisfied with the amount raised in the year, namely £240,765 which was a significant increase compared to the 2017 2018 level of £77,601. This increase was driven by funding from Reaching Communities (National Lottery) and the donation of a house from a private individual.

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For the year ended 30 June 2019

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:

- working with companions to realise their aspirations and potential
- developing and sustaining our social enterprise to provide work for companions and an income stream for the Charity.
- demonstrating organisational sustainability
- demonstrating operational sustainability.

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees:

Peter Churchill

Paul Evans

John Machin (Chair)

Donald Pinchbeck

Julian Wenman

Jennifer Atkin (appointed 22nd January, 2019)

Gemma Trainor (appointed 22nd January, 2019)

Alicia Clovis (appointed 22nd January, 2019)

David Knox (appointed 26th November, 2019)

Chloe Watson (appointed 26th November, 2019)

Key Personnel:

Community Manager

John Harrison

Finance Manager

Sandy Lambrou

Company Secretary

Paul Evans

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For the year ended 30 June 2019

Company Registered Number:

6820441

Charity Registered Number:

1131408

Registered Office:

257 Stanhope Road
South Shields, NE33 4RT

Independent Examiners:

Ellison Services
Higham House
Newcastle upon Tyne
NE1 8AF

Bankers:

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

Affiliations:

Emmaus North East (ENE) is a member of the Emmaus Federation in the UK (EUK) and a member of Emmaus Europe and Emmaus International.

In 2019 the Charity became a full member of Emmaus International, a social movement that currently exists in over 37 countries.

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 a member of the Emmaus Federation in the UK and a full member of Emmaus International and Emmaus Europe.

The Charity is also a member of the North West Partnership of Emmaus Communities. This organisation, centred on Emmaus communities in the North of England, meets regularly to discuss common issues and share best practice.

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For the year ended 30 June 2019

Emmaus UK organises and operates two important groups in which the Charity participates. The first group is the "*Chairs Peer Group*". Here, all Chairs of Emmaus communities in the UK have the opportunity three times per year to get together in the presence of senior Emmaus UK personnel to discuss issues relating to Emmaus in the UK in general and their own community. The second group is the "*Executive Leads Peer Group*". Here, all chief executives of Emmaus communities in the UK have the opportunity three times per year to get together in the presence of senior Emmaus UK personnel to discuss issues relating to Emmaus in the UK in general and their own community.

The direction and governance 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.

2017 / 2018 saw major changes to the board and trustee structure of the Charity which continued into 2018 / 2019. The Honorary President (and ex-chair) of the Charity (Sue Wilson) resigned in September, 2018. She was not replaced as President and the Trustees have no immediate plans to appoint any other person to this position. Also, during the year the Charity's Treasurer (Malcolm Graham) resigned. Malcolm Graham has not yet been replaced and his duties are being undertaken by the Finance Manager (Sandy Lambrou) and the Chair (John Machin). Elizabeth Hardy, Malcolm Huttly and Jane Small also resigned as trustees during the year.

During the 2018 / 2019 year three (3) new trustees were appointed; Jennifer Atkin, Alicia Clovis and Gemma Trainor. Each of these trustees brings a skill set required by the board. As a consequence, the board has been significantly strengthened. At the time of writing this report, two (2) further trustees have been appointed, David Knox and Chloe Watson. David and Chloe also bring necessary skills and experience to the board. The search for a Treasurer / Trustee is still ongoing and it is hoped an appointment will be made in the 2019 / 2020 financial year. During the year, the Charity continued with its policy of allowing companions to attend board meetings as observers.

The Charity 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. Early in the 2019 / 2020 financial year the Charity took the decision to pay its relevant staff the Real Living Wage. Previously the National Living Wage had been paid.

The Board presently operates two sub-committees, an increase on one (1) from last year. As well as the already existing Fundraising sub-committee, the board during the year established a Finance, Strategy and Enterprise sub-committee which is chaired by the Chair of the ENNE Board.

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

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For the year ended 30 June 2019

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 2019 / 2020 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.

Financial review

Brief Overview.

- *Financial situation significantly improved in 2018 / 2019.*
- *Income of £511K in 2018 / 2019 – up 99% from the 2017 / 2018 income of £257K.*
- *Net income for the year of £115K – compared to a deficit of £53K last year.*
- *Total Funds carried forward of £755K – up £115K compared to last year.*
- *Income from grants £172K – significantly up from last year's level of £55k*
- *Shop income of £150K up 40% compared to last year.*
- *Housing Benefit Income of £120K also up 40% compared to last year.*

Details

Income from charitable activities in the period of £171,920 (£55,017, 2017/2018) was due to some generous grants from several institutions, the detail of which is shown in the financial statements attached.

The Charity's shop in Low Fell, Hebburn & St Hildas achieved combined sales in the period 1st July, 2017 to 30th June, 2018 of £150,073 (£107,966, 2017/2018 and £59,500, 2016 / 2017). This significant increase in income was positive. All units, Low Fell, Hebburn and St Hildas traded well. Other generated funds totalled £1,306 (£6,193, 2017/2018). These funds were used on a number of various projects. Housing Benefit received in the year was £119,737 compared to £71,375 in 2017 / 2018.

Overall for the year, the Charity incurred a surplus £114,996 which was a major improvement compared to 2017 / 2018 when a deficit of £63,520 was recorded. Of this 2018 / 2019 surplus, £28,180 (deficit £49,454, 2017/2018) came from restricted funds and £86,815 (deficit of £14,066 2017 / 2018) from unrestricted funds.

The overall carried forward reserves of £755,071 (£640,075, 2017/2018) represents £56,070 (£27,890, 2017/2018) of restricted reserves and a balance of £667,185 (£644,000, 2017/2018), 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.

Capital Expenditure for the year was £29K, half of which was for motor vehicles.

Fixed costs increased heavily in 2018 / 2019 as a result of running Stanhope Road with more companions and investments in extra resources to grow the Charity, particularly its income from its social enterprise activities. Fixed costs for the year were £395,822, an increase of

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For the year ended 30 June 2019

£75,323 (24%) over the previous year's expenditure. The Trustees are fully aware of the increasing cost base of the Charity. Expenditure is tightly controlled and monitored. However, the Trustees view the Charity being in a growth phase where significant investments are required – with the natural outcome of increased fixed costs. It is anticipated fixed costs should stabilise within the next 18 months.

Reserves policy

The Reserves Policy has been reviewed and updated by the Trustees. The objective of having an operational reserve equivalent to 3 month's operational costs still stands. This means the aim is to have £90,000 in reserves, although it will take some time to reach this level on a consistent basis. The Trustees monitor to maintain protection under the FSCS compensation scheme. 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 regularly review the risks the Charity may face 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, Operational and Finance management on a monthly basis closely monitor monthly and year-to-date sales through our KUDOS EPOS system which can follow sales on a daily basis from each of our outlets. The Charity is active with special promotions etc to increase sales if necessary. The successful recruitment of an Enterprise (Business) Manager, has already led to a significant improvement in our commercial income generation. Fund raising is closely targeted on funds which will support activities required by the Charity.

In the medium-term the Charity faces two main risks. Firstly, being able to pay for the extra resources funded by the Reaching Communities grant when this ends in around two years' time. It is essential the resources we have added create value by driving growth in the Charity's income generation so the Charity can fund these positions from its own resources upon cessation of the Reaching Communities grant.

Experience from Emmaus in the UK shows that for a community to be self-sufficient it should have a minimum of 20+ companions. This means ENE needs to expand its number of available rooms - which can only be done by acquiring further properties. ENE needs to

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For the year ended 30 June 2019

expand its number of companions within the next 2-3 years. Failing to do so will place significant strain on the Charity's financial position.

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.

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 regarding homelessness and giving Companions work, training and a sense of belonging; the opportunity to contribute.

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

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 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

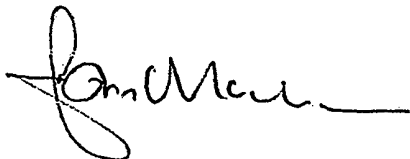
A resolution regarding the reappointment of Ellison Services Ltd as Independent Examiner will be proposed at the Annual General Meeting.

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TRUSTEES ANNUAL REPORT
For the year ended 30 June 2019

John Machin

Chair of the Board of Trustees

A handwritten signature in black ink, appearing to read 'John Machin', followed by a horizontal line.

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INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

For the year ended 30 June 2019

I report on the financial statements of Emmaus North East for the year ended 30 June 2019, which are set out on pages 15 to 27.

Respective responsibilities of trustees and examiner

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

The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a Fellow of the Association of Charity Independent Examiners.

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

Basis of independent examiner's statement

My examination was carried out in accordance with 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 the 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 material matters have come to my attention which gives me cause to believe that in, any material respect:

- accounting records were not kept in accordance with section 386 of the Companies Act 2006; or
- the accounts do not accord with such records; or
- the accounts do not comply with relevant accounting requirements under section 396 of the Companies Act 2006 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the Charities SORP (FRS102).

I have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Jim Dodds
Ellison Services Limited
Higham House
Higham Place
Newcastle upon Tyne
NE1 8AF
Date:

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STATEMENT OF FINANCIAL ACTIVITIES

(INCLUDING SUMMARY INCOME & EXPENDITURE ACCOUNT)

For the year ended 30 June 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
<u>Income from:</u>					
Donations and legacies	6	67,539	-	67,539	16,391
Charitable activities					
Grants and contracts	7	10,486	161,434	171,920	55,017
Other trading activities	8	271,117	-	271,117	185,534
Investments	9	243	-	243	37
<i>total income</i>		349,384	161,434	510,818	256,979
<u>Expenditure on:</u>					
Raising funds	10	190,859	-	190,859	149,784
Charitable activities					
Operation of the charity	10	71,710	133,253	204,963	170,715
<i>Total expenditure</i>		262,569	133,253	395,822	320,499
<i>Net income/(expenditure) and net movement of funds</i>		86,815	28,180	114,996	(63,520)
<u>Reconciliation of funds</u>					
Total funds brought forward		612,185	27,890	640,075	703,595
<i>Total funds carried forward</i>		699,000	56,070	755,071	640,075

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities

The notes on pages 18 to 27 form an integral part of these accounts.

EMMAUS NORTH EAST
(A company limited by guarantee)

Charity Number 1131408
Company Number 6820441

BALANCE SHEET

As at 30 June 2019

	Notes	£	Total 2019 £	£	Total 2018 £
<u>Fixed assets</u>					
Tangible assets	18		868,892		816,027
Total fixed assets			868,892		816,027
<u>Current assets</u>					
Debtors	19	17,872		18,461	
Cash at bank and in hand	20	144,702		101,489	
Total current assets		162,575		119,950	
Creditors: amounts falling due within one year	21	(24,581)		(32,142)	
Net current assets			137,993		87,808
Total assets less current liabilities			1,006,885		903,835
Creditors: amounts falling due after more than one year	22	(251,815)		(263,760)	
Total net assets or liabilities			755,071		640,075
<u>Funds of the charity</u>					
Unrestricted income funds			699,000		612,185
Restricted income funds			56,070		27,890
Total funds			755,071		640,075

The company was entitled to an exemption from audit under s477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

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

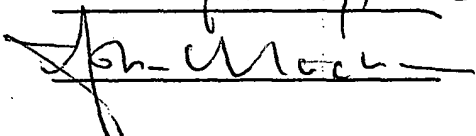
These accounts have been prepared in accordance with the provisions applicable to small companies subject to the small companies regime and in accordance with FRS102 SORP.

The notes on pages 18 to 27 form an integral part of these accounts.

These financial statements were approved by the Board on:

and are signed on its behalf by:

John Machin
Chair

11th February, 2020


EMMAUS NORTH EAST

(A company limited by guarantee)

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	2019	2018
	£	£
<u>Cash flows from operating activities</u>		
Net movement in funds	114,996	(63,520)
Depreciation	21,537	27,831
Product interest income shown in investing activities	(243)	(37)
Decrease (increase) in debtors	589	(6,777)
(Decrease) increase in creditors	(7,561)	22,924
<i>Net cash from operating activities</i>	<u>129,318</u>	<u>(19,579)</u>
<u>Cash flow from investing activities</u>		
Purchase of tangible fixed assets	(84,152)	(22,888)
Sale of property, plant and equipment	9,750	-
Interest received	243	37
<i>Net cash used in investing activities</i>	<u>(74,159)</u>	<u>(22,851)</u>
<u>Cash flow from financing activities</u>		
Increase in long term loan	-	53,760
Repayment of borrowing	(11,945)	-
<i>Net cash used in investing activities</i>	<u>(11,945)</u>	<u>53,760</u>
 Increase (decrease) in cash and cash equivalents	 43,213	 11,330
Cash and cash equivalents at start of year	101,489	90,159
<i>Cash and cash equivalents at end of year</i>	<u>144,702</u>	<u>101,489</u>

The notes on pages 18 to 27 form an integral part of these accounts.

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

2 Basis of accounting

2.1 Basis of preparation

These accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The accounts have been prepared in accordance 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 and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Emmaus North East meets the definition of a public benefit entity under FRS 102.

2.2 Preparation of the accounts on a going concern basis

The charity reported total unrestricted funds at the year end of £86,815 and has already secured a significant amount of funding for the current year. The trustees are of the view that the immediate future of the charity for the next 12 to 18 months is secure and that on this basis the charity is a going concern.

3 Income

3.1 Recognition of income

Income is recognised when the charity has entitlement to the resources, any performance conditions attached to the item(s) of income have been met, it is more likely than not that the resources will be received and the monetary value can be measured with sufficient reliability

3.2 Offsetting

There has been no offsetting of assets and liabilities, or income and expenses, unless required or permitted by FRS102 SORP or FRS102.

3.3 Grants and donations

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.

Income received in advance of the provision of a specified service is deferred until the criteria of income recognition are met.

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

3.4 Donated goods and services

Donated goods are measured at fair value (the amount for which the asset could be exchanged) unless impractical to do so.

Donated services and facilities are included in the SoFA when received at the value of the gift to the charity provided that the value of the gift can be measured reliably. Donated services and facilities that are consumed immediately are recognised as income with the equivalent amount recognised as an expense under the appropriate heading in the SoFA.

3.5 Volunteer help

The value of volunteer help received is not included in the accounts but is described in the trustees' annual report.

3.6 Interest receivable

Interest on funds held on deposit 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.

3.7 Income from membership subscriptions

Membership subscriptions received in the nature of a gift are recognised in donations and legacies.

Membership subscriptions which gives a member the right to buy services or other benefits are recognised as income earned from the provision of goods and services as income from charitable activities.

3.8 Investment gains and losses

This includes any realised or unrealised gains or losses on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.

3.9 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the

4 Expenditure and liabilities

4.1 Liability recognition

Liabilities are recognised when it is more likely than not that there is a legal or constructive obligation committing the charity to pay out resources and the amount of the obligation can be measured with reasonable certainty.

4.2 Charitable activities

Expenditure on charitable activities includes the costs of work with homeless people and other activities undertaken to further the purposes of the charity and their associated support costs.

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

4.3 Governance and support costs

Support costs have been allocated between governance cost and other support. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

4.4 Irrecoverable VAT

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

4.5 Creditors

The charity has creditors which are measured at settlement amounts less any trade discounts.

4.6 Provisions for liabilities

A liability is measured on recognition at its historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date.

5 Assets

5.1 Tangible fixed assets for use by the charity

Individual fixed assets costing under £1,000 are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis, the charity does not currently have any tangible fixed assets:

Freehold Property	Straight line over 50 years
Leasehold Property	Straight line over six years
Fixtures, fittings and equipment	Straight line over six years
Motor vehicles	Reducing balance at 25% pa

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Analysis of income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
6 Donations and legacies				
Regular and ad-hoc donations	12,539	-	12,539	16,391
Donation of property	55,000	-	55,000	-
	<u>67,539</u>	<u>-</u>	<u>67,539</u>	<u>16,391</u>
7 Charitable activities				
<u>Income from grants</u>				
People's Postcode Lottery	-	-	-	8,000
MG Car Club	-	-	-	1,750
Coalfields Regeneration	-	-	-	10,000
William Webster	-	-	-	2,000
Boxing Grant	-	-	-	360
Emmaus UK	5,498	2,404	7,902	1,075
John Laing	-	-	-	1,332
The Community Foundation	-	-	-	500
Lloyds Bank Foundation for England & Wales	-	25,000	25,000	25,000
The Shears Foundation	-	-	-	5,000
Reaching Communities England	-	120,000	120,000	-
National Lottery Awards for All	-	10,000	10,000	-
Clarion Futures	-	4,000	4,000	-
Other small grants less than £2,000	1,988	30	2,018	-
<u>Other income</u>				
Other income	3,000	-	3,000	-
	<u>10,486</u>	<u>161,434</u>	<u>171,920</u>	<u>55,017</u>
8 Other trading activities				
Charity shop	150,073	-	150,073	107,966
Fundraising	1,306	-	1,306	6,193
Housing benefit	119,737	-	119,737	71,375
	<u>271,117</u>	<u>-</u>	<u>271,117</u>	<u>185,534</u>
9 Income from investments				
Bank interest	243	-	243	37
	<u>243</u>	<u>-</u>	<u>243</u>	<u>37</u>

Income was £510,818 (2018: £256,979) of which £349,384 was unrestricted or designated (2018: £201,962) and £161,434 was restricted (2018: £55,017).

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

10 Expenditure

	Direct Staff Costs £	Direct Other Costs £	Support Costs £	Total 2019 £	Total 2018 £
<i>Raising funds</i>					
Charity shop	87,134	101,267	2,459	190,859	149,784
<i>Charitable activities</i>					
Community establishment	55,223	145,562	415	201,200	165,758
Governance costs	-	3,763	-	3,763	4,957
Total resources expended	142,356	250,592	2,874	395,822	320,499

Expenditure on raising funds was £190,859 (2018: £149,784) of which £190,859 was unrestricted or designated (2018: £149,784) and £0 was restricted (2018: £0)

Expenditure on charitable activities was £204,963 (2018: £170,715) of which £71,710 was unrestricted or designated (2018: £66,244) and £133,253 was restricted (2018: £104,471)

Support costs consist of the following:

	2019 £	2018 £
Premises and office administration	2,874	1,250
	2,874	1,250

11 Fees for examination of the accounts

	2019 £	2018 £
Independent examiner's fees for reporting on the accounts	1,600	1,600
Other accountancy services paid to the examiner	2,420	-
	4,020	1,600

12 Analysis of staff costs and the cost of key management personnel

	2019 £	2018 £
Salaries and wages	129,514	103,530
Social security costs	9,180	3,301
Pension costs (defined contribution pension plan)	3,662	2,536
	142,356	109,367

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

12 Analysis of staff costs and the cost of key management personnel continued

No employee received remuneration above £60,000 (2018: £nil)

The key management personnel of the charity, comprise the the trustees and the Community Manager. The total employee benefits of the key management personnel of the charity were £37,623.

13 Staff numbers

The average monthly head count was 5 staff (2018: 5 staff) and the average monthly number of full-time equivalent employees during the year were as follows:

	2019 Number	2018 Number
The parts of the charity in which the employee's work		
Community Operations	2.0	2.0
Generation of Funds	3.0	3.0
	<u>5.0</u>	<u>5.0</u>

14 Transactions with trustees

None of the trustees have been paid any remuneration or received any other benefits from an employment with their charity or a related entity.

In the period the charity has paid trustees remuneration and benefits.

Trustees indemnity insurance paid during the year amounted to £84 (2018 : £467)

Transaction(s) with related parties

There have been no related party transactions in the reporting period.

15 Pension Commitments

The Charity makes contributions to its employees' personal pension scheme.

The employees' pension contributions payable by the charity amount to £3,662 (2018: £2,536). There was £0 outstanding as at 30 June 2019 (2018: £0)

16 Corporation taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives.

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

17 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 with the Charity during the year was 12.

Other volunteers spend time on specific projects and events. Volunteers time was donated by 15 individuals during 2018/19, offering in the region of 3000 hours.

	Motor vehicles	Leasehold property	Fixtures fittings and equipment	Freehold property	Total
	£	£	£	£	£
18 Tangible fixed assets					
Cost					
Balance brought forward	15,450	20,777	32,469	800,918	869,614
Additions	14,750	-	14,402	55,000	84,152
Disposals	(9,750)	-	-	-	(9,750)
Balance carried forward	20,450	20,777	46,871	855,918	944,016
Depreciation					
Basis	RB	SL	SL	SL	
Rate	25%	16.7%	16.7%	2%	
Balance brought forward	6,181	20,267	11,121	16,018	53,587
Depreciation charge for year	2,783	510	6,036	16,018	25,347
Disposals	(3,810)	-	-	-	(3,810)
Balance carried forward	5,154	20,777	17,157	32,036	75,124
Net book value					
Brought forward	9,269	510	21,348	784,900	816,027
Carried forward	15,296	-	29,714	823,882	868,892

19 Debtors and prepayments (receivable within 1 year)

	2019 £	2018 £
Trade debtors	1,599	1,640
Prepayments	10,958	13,411
Other debtors	5,315	3,410
	17,872	18,461

20 Cash at bank and in hand

	2019 £	2018 £
Cash at bank and in hand	144,702	101,489
	144,702	101,489

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

21 Creditors and accruals (payable within 1 year)

	2019 £	2018 £
Sundry creditors	2,698	7,477
Accruals	3,528	8,332
Loan	16,333	16,333
Other creditors	2,022	-
	<u>24,581</u>	<u>32,142</u>

22 Creditors and accruals (payable after more than 1 year)

	2019 £	2018 £
Long term loan	251,815	263,760
	<u>251,815</u>	<u>263,760</u>

The loan is subject to interest at 4% and is secured on the company's property at Stanhope Road. Included within the loan is an amount of £210,000 repayable by instalments over 25 years commencing 30 June 2018 and an amount of £79,093 repayable by instalments over 5 years commencing January 2019.

	2019 £	2018 £
Between 2 and 5 years	65,332	65,332
After 5 years	186,483	198,428
	<u>251,815</u>	<u>263,760</u>
Within 1 year	16,333	16,333
	<u>268,148</u>	<u>280,093</u>

23 Operating lease commitments

At 30 June 2019 the charity had annual commitments under non-cancellable operating leases as follows:

Expiry date :	2019 £	2018 £
Within one year	14,250	34,375
Between one and five years	57,000	73,450
Greater than five years	42,750	-
	<u>114,000</u>	<u>107,825</u>

24 Events after the end of the reporting period

No events (not requiring adjustment to the accounts) have occurred after the end of the reporting period but before the accounts are authorised which relate to conditions that arose after the end of the reporting period.

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

25 Analysis of charitable funds**Analysis of movements in unrestricted funds**

	Fund balances brought forward £	Incoming resources £	Resources expended £	Transfers £	Fund balances carried forward £
Unrestricted funds					
General unrestricted fund	612,185	349,384	(262,569)	-	699,000
Totals	612,185	349,384	(262,569)	-	699,000

Purpose of unrestricted funds

General unrestricted fund The 'free reserves' of the charity

Analysis of movement in restricted funds

	Fund balances brought forward £	Incoming resources £	Resources expended £	Transfers £	Fund balances carried forward £
Restricted funds					
Community Foundation	1,894	(500)	(1,394)	-	-
Emmaus	514	1,849	(2,295)	-	67
Catherine Cookson	-	500	(500)	-	-
Lloyds Bank		25,000	(22,157)	-	2,843
VMF - North East Fund	15,290	-	(15,290)	-	-
Big Lottery (Awards for All)	-	10,000	(10,000)	-	-
VMF - Ripple Fund - Social Enterprises	8,383	-	(7,172)	-	1,212
Coalfields Regeneration	1,809	-	(1,809)	-	-
Reaching Communities	-	120,000	(70,720)	-	49,280
Clarion	-	4,000	(1,447)	-	2,553
Emmaus UK - KCS	-	585	(470)	-	115
Totals	27,890	161,434	(133,253)	-	56,070

EMMAUS NORTH EAST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

25 Analysis of charitable funds continued

Purpose of major restricted funds

Restricted funds represent income resources used for a specific purpose within the charity as identified by the donor.

Emmaus	Companion training courses
Catherine Cookson	Contribution towards cost of van
Lloyds Bank	Contribution towards community managers salary
VMF - North East Fund	Contribution towards community managers salary
Big Lottery (Awards for All)	Contribution towards cost of van
VMF - Ripple Fund - Social Enterprises	Contribution towards shop assistant salaries
Coalfields Regeneration	Contribution towards work shop equipment
Reaching Communities	Project workers salaries
Clarion	Operating and running a foodbank
Emmaus UK - KCS	IT Support

26 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Tangible fixed assets	868,892	-	868,892	816,027
Cash at bank and in hand	88,632	56,070	144,702	101,489
Other net current assets/(liabilities)	(6,709)	-	(6,709)	(13,681)
Long term assets/(liabilities)	(251,815)	-	(251,815)	(263,760)
	<u>699,000</u>	<u>56,070</u>	<u>755,071</u>	<u>640,075</u>

27 Financial Instruments Note

	2019 £	2018 £
Carrying amount of financial assets		
Measured at amortised cost	<u>6,914</u>	<u>5,050</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>254,513</u>	<u>271,237</u>