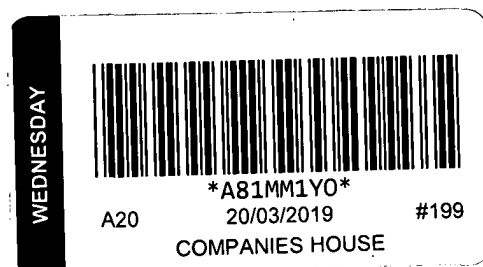


**Registered Company: 6820441**  
**Registered Charity: 1131408**

**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 2018**



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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 30<sup>th</sup> June 2018**

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**Trustees**

Peter Churchill  
Paul Evans  
Malcolm Graham (resigned 1 December 2018)  
Elizabeth Hardy (resigned 18 November 2018)  
Richard Hill (Vice Chair) (resigned 16 June 2018)  
Martin Huttly (resigned 3 October 2018)  
John Machin (Chair)  
Donald Pinchbeck  
Jane Small (resigned 7 July 2018)  
Steven Ward (resigned 11 September 2017)  
Julian Wenman (appointed 24 October 2018)

**Key Management Personnel**

**Community Manager**

John Harrison

**President (Honorary)**

Sue Wilson (resigned 17 September 2018)

**Company Secretary**

Paul Evans

**Treasurer**

Malcolm Graham (resigned 1 December 2018)

**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 30<sup>th</sup> June 2018**

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**Bankers:**

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

**Affiliations:**

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

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

**Trustees' Report (continued) for the year ended 30<sup>th</sup> June 2018**

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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 2018. 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 in particular 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 retail and 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, by the development of a further residence or through 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 our objectives are achieved the Charity 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 Emmaus 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

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

**Trustees' Report (continued) for the year ended 30<sup>th</sup> June 2018**

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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 financial support if needed.

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

The Emmaus movement focuses upon its companions and seeks to ensure that companions have a consistent core offer outlining the mutual expectations of both Emmaus and the companion. 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**  
**(a company limited by guarantee)**

**Trustees' Report (continued) for the year ended 30<sup>th</sup> June 2018**

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

During the period under review the Charity consolidated its Emmaus Community in the North East.

The former children's home in Stanhope Road, South Shields, acquired in December 2015 for conversion into an Emmaus residence, became fully operational in February 2017. In 2017 / 2018 the number of companions housed in Stanhope Road increased over the year. At the end of the year the house was close to full occupancy (full occupancy is 15 companions). It is hoped that 15 companions will be regularly resident in the Community early in the 2018 / 2019 year.

The highlight of the year was the official opening ceremony for the Charity's Stanhope Road residence and Hebburn shop. These were held in conjunction with each other over a weekend in September 2017. Terry Waite (President Emmaus UK) performed the openings and met a number of people both in Hebburn and Stanhope Road. The event was well reported and publicised in the local media, both TV and press, and served to significantly increase the profile and general awareness of the Charity.

The Charity also received its HIMO license from the local council during the year.

In November 2017 the Charity received approval from the Emmaus UK Operations Committee to operate its Stanhope Road facility at full capacity (15 companions). This after a successful trial period involving taking companions from other Emmaus communities to start the Stanhope Road residence followed by taking a limited number of companions from the locality.

In 2017 / 2018 the Charity's retail activities developed in a good way. The shop at Low Fell continued to trade positively with the Charity renewing its lease on this shop for a further 6 years (with a 3-year break clause). The shop at Hebburn became established and contributed significant income to the Charity. The Charity initiated or further developed income generation from activities such as house clearances and selling goods at local markets, particularly South Shields. The Charity also took possession of a new transit van which significantly helped in its house clearance activities and made the Charity's logistic efforts more efficient.

During the 2017 / 2018 the Charity worked hard looking for new retail outlets, specifically premises where it could establish a large size superstore focused on selling furniture. Unfortunately, and for many different reasons, these efforts were unsuccessful. As the Charity sees retail as a key driver toward its goal of self-sufficiency, work will actively continue on this project in 2018 / 2019, hopefully with more success.

Regarding new business opportunities, the Charity looked at becoming involved in a local municipal farm, Bill Quays. Despite being shortlisted by Gateshead City Council as a potential operator of this facility, the Charity decided to withdraw its interest due to the financial risks involved.

The Charity's St Hildas workshop (used primarily for upcycling furniture and building bespoke wood-based items for sale) had a difficult start-up and in February 2018 workshop operations were temporarily suspended whilst a review designed to identify

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

**Trustees' Report (continued) for the year ended 30<sup>th</sup> June 2018**

and remedy "*what went wrong*" with the Charity's initial efforts in this area was carried out. This review has now been completed and the Charity plans to reopen the workshop early in the 2018 / 2019 financial year. The board still believes the Charity can develop a successful social enterprise based around a well-functioning workshop. This will be to the benefit of the Charity in general and its companions in particular.

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 £77,601. This amount was well below last year (£487,822) but reflected the change in status of Stanhope Road from work in progress to a fully completed community residence. This reduction in grants was forecast in last year's annual report.

During the year the Charity was successful 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. Over a three-year period. Reaching Communities awarded the Charity circa. £250,000 to carry out this project. This award will allow the Charity (amongst other things) to recruit a:

- business manager to drive forward the Charity's commercial activities
- a workshop supervisor to develop our St Hildas workshop, and
- a catering manager, should the Charity decide to enter the catering sector.

Money was also awarded by Reaching Communities to allow the Charity to purchase a catering van.

The award from Reaching Communities means the Charity can now invest both in the future of its companions and volunteers and in the future of the Charity itself. It is a major achievement for the Charity to gain this award and thanks go to all personnel involved, Trustees, staff, companions and personnel from Emmaus UK, whose efforts made this possible.

Reaching Communities will commence their funding payments early in the 2018 / 2019 financial year, hence why there is no financial record of this award in the 2017 / 2018 financial statements.

How the Charity communicates with all its stakeholders, both internal and external, is of paramount importance and the board of Trustees believe improvements can be made in this area. Consequently, the Charity entered into an agreement with Emmaus UK whereby professional communication specialists will in future work with the Charity in this area.

The Charity places great value on the contributions made by volunteers to the organisation. Over the course of the year, the Charity benefited greatly, not only from the considerable time, energy and expertise given by its Board of Trustees and companions but by its other volunteers as well. A particular highlight during the year in this area was the time spent with the Charity by a placement student from Sunderland University.

Companions work for 40 hours each week within the Charity's commercial and social enterprises, mainly retail. The number of companions within the Charity during the



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

**Trustees' Report (continued) for the year ended 30<sup>th</sup> June 2018**

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year was (on average around) 8, with higher numbers being achieved at the end of the financial year. Other volunteers spend time on specific projects and events.

During the year the Charity received a loan of £70,000 from Emmaus UK to aid the Charity's business development initiatives.

During 2017 / 2018 the Charity changed its status from non- VAT registered to VAT registered.

**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.

**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 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 to share best practice.

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.

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

**Trustees' Report (continued) for the year ended 30<sup>th</sup> June 2018**

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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. The chair of the Charity (Sue Wilson) resigned at the end of 2016 / 2017 and was replaced as chair by John Machin. Upon resigning, both as Chair and as a trustee, Sue Wilson accepted the honorary position of President of the Charity. Also, during the year both the Charity's vice-chair (Richard Hill), and Company Secretary (Kelvin Butler) resigned. Steven Ward, a Trustee, was a further resignation from the board of the Charity. As yet no vice-chair has been appointed for the Charity. Paul Evans (a Trustee of the Charity) was appointed company secretary.

Also, during the year, the Charity asked companions to attend board meetings as observers. This was received extremely positively by the community's companions and is now established practice for the Charity's board meetings.

During the year under review the Management Team and Trustees actively prepared for the implementation of the General Data Protection Regulations (GDPR). This included revising all data related policies and procedures, training staff and ensuring the Charity only holds records that it can demonstrate it has a legal purpose to do so. The Trustees are clear that data protection is everybody's responsibility and remain equally aware that most data breaches are due to human error. The Trustees believe they have adequately prepared for the implementation of GDPR.

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. In so doing, the Board will ensure the greatest effectiveness in delivering our charitable objectives and meeting the needs of our beneficiaries. The Charity will seek advice on remuneration from various sources, including the AVECO Good Pay Guide for Charities and benchmarking similar roles within the Emmaus community.

Over the year the Board reduced the number of sub-committees it operated. This to reflect the growing competence and maturity of the Charity's operational management. The Board presently only operates one sub-committee, Fundraising. This sub-committee organises, researches and applies for grants from grant making trusts and foundations in accordance with the Board's fundraising strategy.

In 2018 / 2019 the Charity will also form a finance and strategy sub-committee to further financial and strategic development of the Charity.

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

**Trustees' Report (continued) for the year ended 30<sup>th</sup> June 2018**

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**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. In 2018 / 2019 the Charity will make strong efforts to refresh its Board via the appointment of new Trustees possessing skills and experience which would add value to the Charity. It is intended to recruit around three new Trustees to the ENE board in the 2018 / 2019 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**

Income from charitable activities in the period of £55,017 (£418,431 2017) was due to some generous grants from a number of institutions, the detail of which is show in the financial statements attached.

The Charity's shop in Low Fell and Hebburn achieved combined sales in the period July 2017 to 30 June 2018 of £107,966 (£59,500 2017). This near doubling of income was pleasing and due to improved performance at the Charity's long-established Low Fell shop and income from the Charity's newly opened outlet in Hebburn. Other generated funds totalled £6,193 (£6,500 2017). These funds were used on a number of various projects.

Voluntary income of £16,391 (£62,891 2017) was generated from net funding of £13,682 (£58,333 2017) plus £2,709 (£4,588 2017) from Gift Aid claimed on donations and goods sold. The Charity was disappointed in its level of income generation from Gift Aid. Major efforts will be made in 2018 / 2019 to improve this level.

Overall, for the year, the Charity incurred a deficit of £63,520 (£380,522 surplus 2017) of which £49,454 (£366,171 2017) is restricted funds. A deficit of £14,066 (£14,381 surplus 2017) arises on unrestricted funds which will be deducted from the unrestricted funds balance brought forward from the previous year, with a balance carried forward of £612,185. In respect of capital items purchased, £21,314 was transferred from restricted to unrestricted funds.

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

**Trustees' Report (continued) for the year ended 30<sup>th</sup> June 2018**

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The overall carried forward reserves of £640,075 (£703,595 2017) represents £27,890 (£98,658 2017) of restricted reserves and a balance of £612,185 (£604,937 2017), 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.

**Reserves policy**

The Reserves Policy has been updated by the Trustees. The objective of having an operational reserve of £45,000 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 monitor to maintain protection under the FSCS compensation scheme. The level of "free reserves" (being unrestricted funds less fixed assets is -£203,842). 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 monitors monthly and year-to-date sales and through our recent investment in the KUDOS EPS 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 recruitment of an Enterprise (Business) Manager, planned for early 2018 / 2019 should significantly improve our commercial income generation. 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 30<sup>th</sup> June 2018**

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**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, as forecasts show positive cash generation.

**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 30<sup>th</sup> June 2018**

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**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.

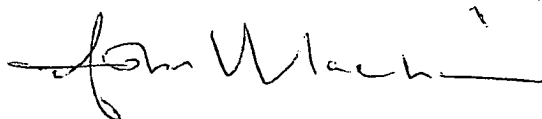
The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets 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 25.02.19 and signed on their behalf, by



**John Machin**  
**Chair of the Board of Trustees**

**Emmaus North East**  
**Statement of Financial Activities**  
**(Incorporating the Income and Expenditure Account)**  
**For the year ended 30 June 2018**

	Notes	Restricted Funds 2018 £	Unrestricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
<b>INCOME FROM:</b>					
Investments	2	-	37	37	39
Donations and legacies	3	-	16,391	16,391	62,891
Other trading activities	4	-	185,534	185,534	72,963
Charitable activities	5	55,017	-	55,017	418,431
<b>TOTAL</b>		<b>55,017</b>	<b>201,962</b>	<b>256,979</b>	<b>554,324</b>
<b>EXPENDITURE ON:</b>					
Raising funds	6	-	149,784	149,784	90,465
Charitable activities	6	104,471	66,244	170,715	83,307
<b>TOTAL</b>		<b>104,471</b>	<b>216,028</b>	<b>320,499</b>	<b>173,772</b>
<b>Net Movement in funds for the year</b>		<b>(49,454)</b>	<b>(14,066)</b>	<b>(63,520)</b>	<b>380,552</b>
<b>Gross transfers between funds</b>		<b>(21,314)</b>	<b>21,314</b>	<b>-</b>	<b>-</b>
<b>RECONCILIATION OF FUNDS:</b>					
TOTAL FUNDS brought forward		98,658	604,937	703,595	323,043
<b>TOTAL FUNDS carried forward</b>		<b>27,890</b>	<b>612,185</b>	<b>640,075</b>	<b>703,595</b>

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 15 to 27 form an integral part of these financial statements

These unaudited financial statements have been subjected to Independent examination. See report on page 28.

**Emmaus North East  
Balance Sheet  
As at 30 June 2018**

	Notes	2018		2017	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible fixed assets	10		816,027		820,970
<b>CURRENT ASSETS</b>					
Debtors	11	18,461		11,684	
Cash in hand and at bank		101,489		90,159	
		<u>119,950</u>		<u>101,843</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	(32,142)		(9,218)	
		<u>87,808</u>		<u>92,625</u>	
<b>NET CURRENT ASSETS</b>			87,808		92,625
<b>CREDITORS: amounts falling due more than one year</b>	13		(263,760)		(210,000)
			<u>640,075</u>		<u>703,595</u>
<b>NET ASSETS</b>					
<b>THE FUNDS OF THE CHARITY</b>					
Restricted Funds	15		27,890		98,658
Unrestricted Designated Funds			-		-
Unrestricted General Funds			612,185		604,937
			<u>640,075</u>		<u>703,595</u>
<b>TOTAL CHARITY FUNDS</b>	16		640,075		703,595

For the year ending 30 June 2018 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<sup>th</sup> February, 2019

  
John Machin  
Chairman of the Board of Trustees



**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

**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 £.

**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. Post balance sheet the Charity has agreed an additional £243,000 in grants from Reaching Communities to be funded over three years.

**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.

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 2018**

**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.

**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

**1 Accounting Policies (continued)**

**1.5 Tangible Fixed Assets and depreciation**

Capital expenditure on individual items costing under £1,000 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% pa

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" of FRS 102, 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.

**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

**1 Accounting Policies (continued)**

**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.

**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 2018**

**2 INCOME FROM INVESTMENTS**

	<b>Restricted Funds 2018 £</b>	<b>Unrestricted Funds 2018 £</b>	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
Bank Interest	-	37	37	39
2017 Total	-	39	39	

**3 INCOME FROM DONATIONS AND LEGACIES**

	<b>Restricted Funds 2018 £</b>	<b>Unrestricted Funds 2018 £</b>	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
<i>Donations</i>				
Regular and ad-hoc donations	-	16,391	16,391	62,891
	-	16,391	16,391	62,891
2017 Total	-	62,891	62,891	

**4 INCOME FROM OTHER TRADING ACTIVITIES**

	<b>Restricted Funds 2018 £</b>	<b>Unrestricted Funds 2018 £</b>	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
Charity shop sales	-	107,966	107,966	59,500
Fundraising events	-	6,193	6,193	6,500
Housing Benefit	-	71,375	71,375	6,963
	-	185,534	185,534	72,963
2017 Total	-	72,963	72,963	

**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

**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.

	<b>Restricted Funds 2018 £</b>	<b>Restricted Funds 2017 £</b>
<i>Grants from institutions</i>		
People's Postcode	8,000	-
MG Car Club	1,750	-
Coalfields	10,000	-
William Webster	2,000	-
Boxing Grant	360	-
Emmaus UK	1,075	-
John Laing	1,332	-
The Community Foundation	500	4,450
Barclays	-	1,000
The Big Lottery Fund	-	17,231
The Rothley Trust	-	1,500
Lloyds Bank Foundation for England & Wales	25,000	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	5,000	10,000
The Barbour Foundation	-	10,000
	<b>55,017</b>	<b>418,431</b>

**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

<b>6 EXPENDITURE</b>	<b>Direct Staff Costs 2018 £</b>	<b>Direct Other Costs 2018 £</b>	<b>Support Costs 2018 £</b>	<b>Total 2018 £</b>	<b>Total 2017 £</b>
<b>Costs of raising funds:</b>					
Charity shop	31,965	117,048	771	149,784	90,465
<b>Charitable activities:</b>					
Community Establishment	74,866	90,643	249	165,758	79,860
Governance costs	-	4,727	230	4,957	3,447
<b>Total resources expended</b>	<b>106,831</b>	<b>212,418</b>	<b>1,250</b>	<b>320,499</b>	<b>173,772</b>

The costs of raising funds was £149,784 (2017: £90,465) of which £149,784 was unrestricted (2017: £90,465) and £nil was restricted (2017: £nil).

Expenditure on charitable activities was £170,715 (2017: £83,307) of which £66,244 was unrestricted (2017: £31,047) and £104,471 was restricted (2017: £52,260).

**Support costs consist of the following:**

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Premises and office administration	1,250	2,758
	<b>1,250</b>	<b>2,758</b>

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 2018**

**7 NET MOVEMENTS IN FUNDS**

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	27,831	7,840
Independent Examination	1,600	1,550

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

During the year no Trustee received any remuneration (2017: Nil) or benefit in kind (2017: Nil).

No Trustees received any reimbursement of expenses in the current year (2017: Nil).

Trustees indemnity insurance paid during the year amounted to £467 (2017: £465).

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

Total employee benefits of the key management personnel for the year was £33,435 (2017: £21,804)

**9 STAFF COSTS AND NUMBERS**

	2018	2017
	£	£
Wages and salaries	103,530	50,752
Social Security costs	3,301	1,878
Pension cost	2,536	117
	<b>109,367</b>	<b>52,747</b>

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

	2018	2017
	No.	No.
Full time (30 hours per week)	3	3
Part time (6-30 hours per week)	2	1
Analysed between:		
Community Operations	2	2
Generation of Funds	3	2

No employee received remuneration greater than £60,000 in the year (2017: none).



**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

	<b>Motor Vehicles</b>	<b>Leasehold property</b>	<b>Fixtures fittings and equipment</b>	<b>Freehold Property</b>	<b>Total</b>
<b>10 TANGIBLE FIXED ASSETS</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 July 2017	5,700	20,777	19,331	800,918	846,726
Additions	9,750	-	13,138	-	22,888
At 30 June 2018	15,450	20,777	32,469	800,918	869,614
<b>Depreciation</b>					
At 1 July 2017	3,090	16,957	5,709	-	25,756
Charge for the year	3,091	3,310	5,412	16,018	27,831
At 30 June 2018	6,181	20,267	11,121	16,018	53,587
<b>Net book value</b>					
At 30 June 2018	9,269	510	21,348	784,900	816,027
At 30 June 2017	2,610	3,820	13,622	800,918	820,970

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).

<b>11 DEBTORS</b>	<b>2018</b>	<b>2017</b>
<b>Amounts falling due within one year</b>	<b>£</b>	<b>£</b>
Trade debtors	1,640	2,471
Prepayments	13,411	9,213
Other debtors	3,410	-
	<b>18,461</b>	<b>11,684</b>

**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

<b>12 CREDITORS</b>	<b>2018</b>	<b>2017</b>
<b>Amounts falling due within one year</b>	<b>£</b>	<b>£</b>
Sundry creditors	7,477	4,471
Accruals and deferred income	8,332	4,747
Loan	16,333	-
	<b>32,142</b>	<b>9,218</b>

<b>13 CREDITORS</b>	<b>2018</b>	<b>2017</b>
<b>Amounts falling due more than one year</b>	<b>£</b>	<b>£</b>
Loan	263,760	210,000
	<b>263,760</b>	<b>210,000</b>

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.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Between 2 and 5 years	65,332	28,000
After 5 years	198,428	182,000
	<b>263,760</b>	<b>210,000</b>
Within 1 Year	16,333	-
	<b>280,093</b>	<b>210,000</b>

**14 OPERATING LEASE COMMITMENTS**

At 30 June 2018 the Charity had annual commitments under non-cancellable operating leases as follows:  
annual commitment under this non-cancellable operating lease is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within one year	34,375	41,525
Between one and five years	73,450	58,225
	<b>107,825</b>	<b>99,750</b>

**15 RESTRICTED FUNDS**

<b>2018</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Fund Transfers</b>	<b>Carried Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Project Funds</b>					
North East Community	98,658	55,017	(104,471)	(21,314)	27,890
	<b>98,658</b>	<b>55,017</b>	<b>(104,471)</b>	<b>(21,314)</b>	<b>27,890</b>
<b>2017</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Fund Transfers</b>	<b>Carried Forward</b>
<b>Project Funds</b>					
North East Community	268,725	418,431	(52,260)	(536,238)	98,658
	<b>268,725</b>	<b>418,431</b>	<b>(52,260)</b>	<b>(536,238)</b>	<b>98,658</b>

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 2018**

**16 SUMMARY OF FUNDS**

<u>2018</u>	Brought Forward £	Income £	Expenditure £	Transfers £	Carried Forward £
Unrestricted General Funds	604,937	201,962	(216,028)	21,314	612,185
Subtotal	604,937	201,962	(216,028)	21,314	612,185
Restricted Funds	98,658	55,017	(104,471)	(21,314)	27,890
Total of Funds	703,595	256,979	(320,499)	-	640,075

<u>2017</u>	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

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

<u>2018</u>	Restricted Funds £	Unrestricted Funds £	Total Funds £
Tangible fixed assets	-	816,027	816,027
Current assets	27,890	92,060	119,950
Creditors due within one year	-	(32,142)	(32,142)
Creditors due more than one year	-	(263,760)	(263,760)
Total	27,890	612,185	640,075

<u>2017</u>	Restricted Funds £	Unrestricted Funds £	Total Funds £
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

**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

**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 £2,536 (2017: £117)

Contributions totalling £nil (2017: £nil) were payable to the pension fund at the year end.

**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 apply to its charitable object. No tax charges have arisen in the charity.

**21 CONTROL**

The charity is controlled by the Board of Trustees.

**22 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 8.

Other Volunteers spend time on specific projects and events. Volunteers time was donated by 5 individuals during 2017/18, offering in the region of three thousand 840 hours.

**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>23 FINANCIAL INSTRUMENTS NOTE</b>		
Carrying amount of financial assets		
Measured at amortised cost	<b>5,050</b>	<b>2,471</b>
Carrying amount of financial liabilities		
Measured at amortised cost	<b>271,237</b>	<b>214,471</b>

**Emmaus North East**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

I report to the trustees on my examination of the financial statements of Emmaus North East ('the company') for the year ended 30 June 2018, which are set out on pages 13 to 27.

**Responsibilities and basis of report**

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the financial statements of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination I report in respect of my examination of your charity's financial statements as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145 (5)(b) of the 2011 Act.


An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the financial statements present a 'true and fair view' and my report is limited to those specific matters set out in the independent examiner's statement.

**Independent examiner's statement**

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me reasonable cause to believe that in any material respect:

accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or  
the financial statements do not accord with those records; or  
the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the financial statements give a 'true and fair view' which is not a matter considered as part of an independent examination; or  
the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS 102).

I have no concerns and 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 financial statements to be reached.

Signed: 

Name: Lucy Robson

Name of applicable body: Institute of Chartered Accountants in England and Wales

Relevant professional qualification or membership of professional body: Chartered Accountant

ON BEHALF OF RSM UK TAX AND ACCOUNTING LIMITED

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

Date: 14/3/2019