

REGISTERED COMPANY NUMBER: 07188459 (England and Wales)
REGISTERED CHARITY NUMBER: 1136010

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
FOR**

**EMMAUS SOUTH WALES
(A COMPANY LIMITED BY GUARANTEE)**

Graham Paul Limited
(Statutory Auditor)
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EMMAUS SOUTH WALES

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The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 June 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

VALUES, OBJECTIVES AND ACTIVITIES

Emmaus is an international movement, independent of religious or political affiliation. It originated in France in 1949, based on Abbé Pierre's original idea of Solidarity: "serve first those who suffer most", as set out in the Universal Manifesto of the Emmaus Movement. (Available for download at <http://www.emmaus-europe.org>)

Our Core Values

These are the values by which we strive to live in Emmaus. They set the standard for our way of life together.

Showing respect:

- Being tolerant of other people's way of life and their beliefs, recognising that other people may have a different point of view.
- Being willing to listen to what others have to say.
- Having compassion for others and respect for their circumstances, especially towards those who have suffered or are in distress.
- Respecting the skills of others and valuing their work.

Being open and honest:

- In the way we live our life within the Movement.
- About how we report our finances and our activities.
- In the way we take decisions.
- By communicating properly so everyone knows what is happening and understands the decisions that are made.

Sharing:

- Sharing and exchanging our resources and skills, being willing to receive as well as to give.
- Learning from each other.
- Fighting together against injustice, accepting the risks that may be involved.

Taking and Sharing Responsibility:

- Encouraging people to participate actively at all levels of the Movement.
- Ensuring that everybody's voice is heard.
- Ensuring that decisions are taken and implemented democratically.

Objectives and aims

The objectives, as set out in Emmaus South Wales Articles of Association, are specifically restricted to the alleviation and relief of poverty, hardship and distress arising therefrom, in conformance with the principles of the Emmaus Movement as published from time to time by Emmaus UK, to those in need without distinction by:

- the provision of accommodation, or assistance in such provision, for homeless people in the South Wales area and such other places as may seem appropriate from time to time (the beneficiaries).
- the rehabilitation of the beneficiaries as appropriate and the provision of education, training (including, without limitation, employment training) and work opportunities and satisfaction for the beneficiaries with the purpose of developing their skills to enable them to gain employment in the future and thereby develop a sense of self-worth and dignity through having a self-supporting life.

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- the support of the work of other Emmaus Communities and Emmaus Groups or other agencies in the relief of poverty and homelessness whether in the United Kingdom or elsewhere in the world and in particular (without limitation) by the exchange of resources, information and expertise with other Emmaus Movement projects worldwide.
- the fulfilling of such other purposes as may from time to time be recognised by English Law as being charitable and which the Charity shall from time to time determine.

The Trustees can say, with confidence, that these four objectives of the charity are still entirely relevant. We continually strive to achieve them, to the best of our ability.

Homelessness The Covid-19 Pandemic that took hold globally in January 2020 has had profound implications for all of us, and has touched every aspect of our lives. As Covid-19 reached the UK, and the threat posed to life began to be understood, there was a coordinated and determined effort to ensure homeless people were housed and no one was left living on the streets. Hotels left empty by the UK-wide lockdown were utilised to house rough sleepers and protect them from the health risks of the virus. 'Rough Sleeping' in the UK was eliminated almost overnight, albeit temporarily, proving that it is possible to meet the basic needs of everyone when there is commitment to doing so. However, whilst we must fight to hold on to the progress made in the fight against rough sleeping, there is a bigger homelessness crisis looming.

Before the Covid-19 crisis, the biggest cause of homelessness in the UK was eviction from private rental properties. This is one of the main reasons that Emmaus Companions cite as a reason for their homelessness. As a result of the pandemic, many thousands more people are experiencing financial hardship or have lost their jobs and are already in rent arrears. They have little or no means to pay back missed rent in the future, let alone keep up their regular payments. An eviction crisis is brewing, and Emmaus is bracing itself for a rise of homelessness when its communities will be needed more than ever.

Keeping people off the streets is a great step forward, but, unfortunately, the principal causes of homelessness have not gone away. Alongside unaffordability, relationship breakdowns and illness are also significant causes of homelessness. These problems are, unfortunately, ongoing and are not being adequately addressed in temporary accommodation. Emmaus does not suit everyone. Those who join Emmaus must commit to living and collaborating with others in Community life and working with their fellow Companions in their social enterprise towards supporting themselves.

Approach to achieving charitable objects The Emmaus 'theory of change' is to provide a home and full-time, meaningful activity in our social enterprise each week, alongside training and support for previously homeless or socially excluded individuals.

An unemployed, homeless or vulnerably housed person becomes a Companion upon joining Emmaus South Wales as a resident. Companions work together with volunteers and employees, collecting, recycling and selling donated goods in our retail outlets. All Companions have the opportunity to gain new skills and experiences in a working enterprise and, most importantly, regain self-respect, esteem and purpose whilst working to support others in greater need than themselves.

Emmaus South Wales currently offers 24 en-suite bedrooms for Companions. They sign off primary benefits and receive accommodation, food, clothing, weekly and holiday allowances, resettlement support and access to structured support and personal development.

Opportunities are provided to gain new skills, undergo training and work as part of a team to achieve personal goals, contribute to the success of the business activities and provide assistance to others who are in need.

What support does Emmaus offer? Emmaus seeks to give homeless people who join their Community the opportunity to address the root cause of their homelessness and find a long-term way to overcome it. For many people who have experienced homelessness, losing their self-esteem can be the most damaging part of their experience. Being on your own, with no support around you can be soul-destroying, leaving you feeling worthless. Finding your way out of that situation is not easy, particularly when the only options available are temporary fixes. This is where Emmaus is different. Emmaus does not offer a homeless person, simply, a bed for the night, but little to occupy their days. We offer a home for as long as it is needed, as well as meaningful work in our social enterprise. This opportunity, to become part of a community and make a contribution to it, plays an important role in restoring self-esteem and helping companions to find a way to overcome homelessness in the long term.

Emmaus enables people who are homeless to rebuild their lives within self-supporting Communities. Companions receive support to gain extra skills to equip them to look for work and make a success of finding and living in their own accommodation. Our Companions are given the opportunity to take stock of their lives, deal with any issues they might have, and often re-establish relationships with loved ones. You only have to read the stories on Emmaus Community websites of some of the people Emmaus has supported, to see what a difference Emmaus makes. See: emmaus.org.uk/south-wales

Applicants join our Community as Companions, having been homeless or otherwise vulnerably housed and unemployed. Potential Companions can apply directly or be referred by a third party (probation officer or outreach worker for example) with their permission. Alternatively, there is a UK-wide referral pathway for all Emmaus Communities in the UK.

We have developed partnerships and referral relationships with other services from which we are generating referrals and encouraging homeless people to contact us.

Emmaus South Wales is fully committed to developing an inclusive and diverse community, and will not discriminate on the grounds of gender, gender reassignment, marital & civil partnership status, age, race, colour, nationality, national origin, ethnic background, religion or belief, disability, sexual orientation, pregnancy & maternity, past criminal convictions or offending background unless it is apparent they would constitute a threat to the cohesion of the Community.

An Emmaus Community – an impressive social investment

Companions sign off benefits on joining Emmaus and volunteer full-time in their Community's social enterprise with the Community receiving their Housing Benefit as a form of rent. Emmaus provides substantial "public benefit" by reducing the dependency of Companions on the public purse, both by way of the renunciation of primary benefits and, more particularly, by the savings to the welfare and criminal justice system by their adoption of more stable lifestyles.

OBJECTIVES AND ACTIVITIES

The Community

Our Community home on a two-acre site at Nant Lais, Bridgend provides a home for up to 24 homeless people. The charity has created a Community where homeless people live and work, recover self-confidence and support both themselves and others. Bridgend County Borough Council provides Housing Benefit to our Companions who transfer it to the charity as rent to cover the costs of accommodating and supporting them. The community is operated economically but accommodation and meals are of a high standard.

Our Companions come from all parts of the United Kingdom with ages ranging from 25 to 75. Companions present with many needs.

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Many have a history of adverse childhood experiences and trauma, and some have a history of substance misuse, or alcohol addiction. The Community management team provide support and signposting for Companions experiencing a range of mental health needs, the impacts of trauma, and managing challenging behaviours. Counselling is arranged for Companions with emotional issues when they arrive where required; specialist support which is helping to maintain a safe and stable community. Other support for Companions includes training related to health and safety, substance misuse, bereavement and the effects of trauma. Our focus has been to build a safe and stable Community with a real “sense of Community”.

The Coronavirus Pandemic had a significant impact throughout the Charity, including in the Community. The Companions in Nant Lais were one (very large) household when Wales went into lockdown on 23rd March 2020. The communal nature of Nant Lais and the restrictions imposed to stop the spread of the virus meant that we temporarily closed to new referrals. A number of our Companions had increased vulnerability to Covid-19 and we created additional facilities in Nant Lais to increase their protection. We also created an indoor gym, and space to work on some new projects. The Community faced significant disruption to our supply chains, particularly food and household groceries. Companions adapted very well to the challenges faced, and morale within the Community was very positive throughout the period of total lockdown. At the time of writing we have had no suspected or confirmed cases of Covid-19 within our Community or Enterprise. As lockdown restrictions were lifted, we were able to begin welcoming new Companions again from August. To date we have had no cases of virus infection.

When someone comes to Emmaus, we give them the opportunity to learn new skills by working in our shops or through specialised projects such as gardening and PAT-testing. This has always been an important part of our charity and goes a long way to help rebuild confidence and self-esteem.

Whilst our shops were closed, new projects were created to help our residents stay busy:

- Using donated clothing and fabrics, the Community made washable and sustainable, three-layer face masks entirely from donated materials. This project not only taught them a new skill but helped to ensure face masks were not taken away from the NHS and frontline workers. Some 100 masks were produced weekly, with orders placed by email. Funding from BAVO was used to buy additional sewing machines and haberdashery equipment for our residents to scale up production.
- Companions greatly improved the appearance of our two-acre parkland site at Nant Lais. Keep Wales Tidy supported us with a development package to enable a Community food-growing project. Attractive picnic benches were built and sold.
- The Companions created and delivered “Rainbow Packs”: entertainment packs worth between £30 – £150, consisting of items such as games, books, puzzles and gaming consoles, for local households to help provide some light relief during the coronavirus lockdown. They created age-specific packs: for the family, for kids, a Wii console, and a pack for the older generation. They were offered free to households but with a donation slip included for anyone who wished to pay what they could afford.

When Nant Lais underwent reconstruction in 2015/16, it was hoped that the original roof would serve the Community for several years. Unfortunately, leaks are rendering several rooms inhabitable. Grants are currently sought to finance its replacement.

Creating “a sense of Community”

The Community and social enterprise work together to ensure the transition from applicant to Companion is as seamless as possible. Companions have individual development plans, designed and reviewed to provide the training and support required.

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They are aspirational in planning for future employment and move-on. Induction commences the day the Companion arrives, with formalities such as housing benefit forms and GP registration taking place immediately. The Companion is given a rota which explains where they will work, to whom they will report and where they will be trained. Close monitoring of that process is undertaken by the Head of Retail and Community staff and kept under weekly review by shop managers.

Every effort is made to encourage Companions to work and live effectively together as a Community. Companions take the lead on conflict resolution and weekly Community meetings address any behavioural or procedural issues.

Companions meet and plan acts of solidarity to support people needier than themselves. Prior to Covid 19, Trustees met periodically with Companions to ensure that Companions were aware of the Trustees commitment to their support and welfare and that Trustees are fully aware of the operation of the Community.

The importance of work and the support network for Emmaus Companions

Emmaus Companions have commented on the importance of work in their life in Emmaus.

"Emmaus is what you make of it. It's there to help people like me to get back on my feet and get back into work. Work helps to pull me out of depression. I find working and grafting helps me forget that. The routine is good, I like being situated in one place, with a team that helps me. When I work in the shop and a customer asks me for help, I can say: "Yes, I can help you with that! And it makes me feel good."

"Emmaus gave me a fresh start and a new beginning. It has built my confidence. I want to go to college and get some certificates, and further my education because I didn't have a good education when I was younger. I just want to get a qualification and get a career".

The Support Network

Other Companions have made observations on the support network:

"Emmaus can help me and I can help Emmaus. Emmaus has basically saved my life. Without Emmaus I'd be nowhere. It gave me a sense of community, being together, working together. I was isolated before Emmaus."

"Emmaus can help me better myself, for myself and my children. Structure is what helps. If I was living somewhere else and volunteering, I don't think it would have the impact Emmaus does. I would still have problems but without the people to help me sort them out."

Kindness and Community life encourage empathy

Solidarity is such an important part of the work of Emmaus. As one Companion put it:

"I'm really grateful to Emmaus for providing me with security and stability and kindness, understanding and support, so I can balance myself and my life".

Another Companion described her experience of living in an Emmaus Community as:

"This place has been the making of me. It's done me the world of good. I wanted routine, I've made lots of friends and I like engaging with customers in the shops. This place has been really good for me"

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"Moving on" to employment and independent living

The success of the Community can partly be measured in Companions' success in "moving on" to employment and independent living. 22 Companions left Emmaus South Wales during the year, including 3 who subsequently returned. 64% of Companions who left the South Wales Community, moved on positively, including moving into full-time employment, or transferring to other Emmaus Communities. It is all illustrative of the fulfilment of the charity's primary purpose.

Emmaus South Wales' relationship with the local community

Establishing and maintaining good communications with local householders is a key requirement of a successful Emmaus Community. Our policy is to be "good neighbours". We enjoy good working relations with Bridgend County Borough Council, which administers Housing Benefit. In the Covid-19 "lockdown", some Companions have been very active in gardening. Neighbours have commented favourably on the good appearance of the grounds around the Community home.

Our social enterprise works hard to forge strong links with the local communities surrounding each shop. This has led to successful partnerships working with a number of local voluntary organisations, churches and schools.

Emmaus South Wales continues to engage with our local communities who recognize, in Emmaus, a serious and professional fulfilment of an obligation to serve people who are homeless. In particular, we have focused on educating the next generation about homelessness and Emmaus South Wales as a charity, giving talks and workshops in schools and clubs. By engaging with the next generation, we hope to educate children to empathise with those who are suffering homelessness and encourage them to support Emmaus South Wales, as their local charity working to end homelessness.

The Social Enterprise

Emmaus South Wales financial year to 30th June 2020 was a hugely challenging one for the social enterprise. Up to commencement of the Covid lock-down on March 23rd, trading was conducted from our five shops at Tremains Road and Caroline Street, Bridgend, Maesteg, Porthcawl and Cowbridge. Earlier in the year, it had been decided to spend Mondays on staff and Companion training and development, which gave rise to some reduction in sales but had a positive impact on team building.

Total trading income, at £376,966, for just short of nine months, prior to lockdown on 23rd March, was some 24% below budget. With the Government directive to close all non-essential shops from 23rd March to protect against Covid-19, all trading ceased for the remaining three months of the financial year. The inevitable consequence was that the social enterprise traded at a loss for the year of £111,778, before grant income. This is the first year that the social enterprise has failed, due to Covid-19, to make a financial contribution.

The last three months of the financial year were dominated by the impact of the pandemic, closing all our five shops in Bridgend and the Vale of Glamorgan. Shop staff went on furlough, with 80% of their salaries funded by the Government. The shops' temporary closure meant that the charity faced a serious income shortfall. The longer the closure continued, the more difficult the situation became. In July and August, the opening months of the new financial year, Emmaus South Wales re-opened its two Bridgend shops, having implemented new measures to ensure the safety of its team and customers. Plans are in hand to reopen the Porthcawl and Maesteg shops.

Readers will know how difficult the retail climate became with the onset of Covid 19. Recovery in the new financial year has inevitably been slow, particularly after several months of enforced closure. In July and August, donations recommenced and our shops progressively reopened, with all appropriate safeguards.

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The impossibility of adequate social distancing in the Cowbridge shop led the Board to decide to terminate the lease, whilst retaining an Emmaus presence in Cowbridge for donations. Hopefully, the opportunity will arise to reopen business in a suitable shop in Cowbridge. We will continue to develop other areas of our enterprise, including house clearances and e-commerce operations, which were showing signs of growth. Having taken the decision to close the Cowbridge shop in June 2020, the full costs of closure were borne in these accounts. Our plans for 2020/21 are clearly limited by the continuance of the pandemic, but include increased house clearances and trading online, primarily through eBay, which is viewed as a significant growth opportunity. With four shops, two of which are in walking distance of the Community home, we seek increased involvement and commitment of our Companions to the success of their social enterprise, contributing significantly towards the costs of the charity.

An Emmaus social enterprise creates employment and training opportunities for Companions, staff and volunteers. Its dual purposes are to contribute towards the running costs of the Community: Companions' home, food, upkeep and modest weekly allowances and also, through working in their social enterprise, for Companions to support themselves and regain self-respect as they see their actions make a real difference, both to their own lives, and the lives of others. Our store in Caroline Street, Bridgend is virtually companion-led.

At the time of writing, the Board and Management Team are rethinking the charity's strategy for the coming five years. It is our objective to structure the social enterprise to continue to achieve the multiple objectives of:

- demonstrating that Emmaus South Wales is a serious player, saving waste through re-use and recycling, and
- is a credible supplier to needy people of low cost furniture and household goods;
- creating employment and volunteering opportunities and generating funds to support an Emmaus Community serving homeless people.

Acts of Solidarity

The Emmaus ethos commits us to acts of solidarity and, in the past year, we continued to support Emmaus International's solidarity projects by donating a day's takings from our shops in our 'Solidarity Day Sale'. Our shops donated furniture and other items, delivered by the community's van to supporting 24 adults and 20 children; local people in need, identified through our links with local housing associations. We undertake this outreach activity to help the less advantaged in society in a practical way.

The Management Team

The past year has seen a complete change in the Management Team, with Jemma Wray becoming Chief Executive in July 2019. Jemma brings significant leadership experience to the Charity, along with expertise across our functions including fundraising, campaigning, and supported housing. Our Chief Executive has brought great energy and commitment to her role and has substantially improved the morale of the charity. Greater cohesion in the management team, shop staff and Companion Community are evident. She has been prepared to take risks and make some tough decisions in cutting costs but has also devoted a lot of time to team building and planning future strategy. Her strengths in fundraising have greatly strengthened the finances of the charity. Trustees observed the significant impact after she had been 5 months in the job. At an open strategic planning meeting of companions, staff and trustees, last December, followed by 10-pin bowling together, we observed a new openness and collaboration between companions, staff and trustees, which we found most encouraging. It augured well for the future development of the charity.

Marc Roberts, joined as Head of Retail in December 2019. Marc has a background in both commercial and Charity retail, and brings considerable experience in store management operations, leading teams and delivering on set targets and key performance indicators. Marc has responsibility for the overall management and development of Emmaus South Wales' social enterprise, now consisting of four charity shops, which help finance the charity and provide meaningful work and personal development opportunities for companions, our service users. As our shops reopened, his work has been to develop, manage and motivate staff, companions, and volunteers, to revive our shops and grow their surplus. He will present to customers & supporters a positive image of Emmaus through excellent retail practices.

Our new part-time Finance Manager, Nicola Alsept, is a talented Chartered Accountant who has added real value to our Enterprise & Finance Committee with her accounts and reporting. Nicola has a deep sense of responsibility and professionalism, always ensuring all decisions are made with the understanding of the 'correct' approach. Nicola has added real depth to our financial analysis and management.

The Community has been without a permanent manager for some time. In June 2019, Eugene Rourke agreed to take up an interim role to provide much needed capacity and expertise whilst we recruited a permanent appointment. Eugene has an extensive background in homelessness, participation and housing management. It has proved difficult to find the right mix of ethos and experience and we are extremely grateful to Eugene for his flexibility in agreeing to extend his time with us, and for managing Nant Lais throughout this unprecedented year. Talented leadership and management of the Community is vital to achieving outcomes for Companions and we look forward to making a permanent appointment over the coming year.

Staff and Volunteers

The social enterprise, with its four shops and warehouse, now has a team of 5 full and 2 part-time staff, committed to delivering excellent customer service. Over the past year, Trustees saw clear evidence that a cohesive team of staff and Companions was being created and improving its performance. Staff are trained, during their induction, in the Emmaus ethos, its code of conduct and the policies of the charity, as well as the running of the shops. It is much regretted that the hiatus, caused by Covid-19, has interrupted this progress. Our team of volunteers give up their time to support the charity. At the time of writing a minority have returned to working in our shops. We plan to rebuild the volunteer team over the coming year, as the business recovers. We will be working towards Investors in Volunteers accreditation.

There are 6 other members of staff in the Community and Central Office.

The Covid-19 Pandemic has highlighted the deep inequalities that endure across the UK. Low paid workers have been hardest hit, both in terms of loss of income, and, because they are disproportionately employed in roles which expose them to the risk of exposure to the virus. The Trustees fully recognise the role all of our staff play in delivering outcomes for homeless and excluded people. The Emmaus Movement is built on an ethos of solidarity and of taking action to support others.

Consequently the Trustees were pleased to announce the decision, this year, to move towards becoming a Living Wage employer from November 2020 when all staff have returned from furlough. The Trustees express their appreciation for the work of the management of our Community and social enterprise, its staff and volunteers, in the past year.

Financial Review

The total income for the year ending 30 June 2020 was £924,741, just £11,717 more than the previous year. Due to Government grants and successful fundraising by the Chief Executive, the shortfall in trading income from our shops was more than offset by grants of £366,074, compared with only £6,523 received in the previous year. Total expenditure of £867,418, was £218,358, some 20%, lower than in the previous year. A surplus of £57,323 was thereby achieved, a turnaround of £230,075.

In March, the Board saw the onset of Covid-19 as a major threat to the charity. The grants achieved in the last three months of the year, when shops were closed, resulted in a year which was a dramatic improvement on the past two years. With sizeable depreciation charges of £71,941 and minimal capital expenditure, the Net Surplus of £57,323 resulted in an increase, in the year, of Net Current Assets by £151,137 to £236,492, with a bank balance at the year-end of £295,796. Emmaus UK has again agreed to defer the repayment of its loan of £43,250.

The Trustees and management are experiencing yet another difficult trading year in 2020/21, with Covid-19 still a major deterrent to the recovery of customer footfall on our 'High Streets'. However, at the time of publishing this Report & Accounts in November 2020, they are confident of being able to continue to trade as a "going concern".

Grants Emmaus South Wales is founded on a model of sustainable Social Enterprise. We strive to be self-financing through our primary purpose trading activities. The forced closure of our enterprise in March meant that we could not generate the funds needed to sustain our charitable service delivery, without additional financial support. The response to the Covid-19 pandemic from funders and grant making bodies has been exceptional, and we are hugely grateful to all our funders for their help in ensuring that we were able to survive the first wave of the pandemic. Alongside vital financial help, many of our funders have also offered and provided other forms of assistance, from making free training available to staff on furlough, to providing networking and support opportunities for Trustees.

During the year, the charity enjoyed generous support, receiving grants of £366,074 in the year from: The CAF Bank £10,000, The Hodge Foundation £25,000, The Lloyds Bank Foundation £23,000 (along with a £13,000 advance against future grants, this money is carried forward as restricted funds at the year end), The Moondance Foundation £10,666, The Waterloo Foundation £25,000, WCVA £97,550 and £9,057, and from the Government to cover rates £125,000 and to furlough staff whilst shops were closed £26,034. There were several other grants, totalling £14,767, from BAVO, Souter, Emmaus UK, Big Sleep and FareShare. Covid-19 has been a disaster for many charities but Emmaus South Wales' survival has been assured by this generosity.

Reserves

As the charity provides accommodation for up to 24 Companions who would otherwise be vulnerable in housing terms, it is important to ensure that sufficient operating funds are available for a period of at least 3 months in the event of business interruption. Covid 19 has presented a huge challenge to charities in respect of the adequacy of their reserves. Insurance cover is maintained for most contingencies, including business interruption, but a claim for business interruption can be a challenge, as many charities are currently experiencing.

The losses incurred by Emmaus South Wales in the previous two financial years, had depleted our working capital reserves to just £85,355, below the level of £100,000 the Board judged was needed to enable Emmaus South Wales to survive a serious calamity.

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We said in last year's Report that *"the Recovery Plan for the charity will, over the coming two years, embrace further substantial change and development which will incorporate a strengthening of the Balance Sheet by seeking, in early 2020, a long-term loan facility from Emmaus UK to be drawn down if and when required"*.

We were still in discussions with Emmaus UK over a *"Letter of Comfort"*, when the onset of Covid 19 led to the closure of our social enterprise from 23rd March, presenting an existential challenge to the charity. We advised the Charity Commission accordingly. But within one month we were able to advise the Charity Commission that our concerns were allayed. To the Government's support with rates and the "furlough of staff" were added the substantial grants achieved, as described above. The unprecedented challenge had been met and the survival of the charity was assured.

The Board still judges that total net working capital of £100,000 in unrestricted and restricted funds, is adequate to enable Emmaus South Wales to survive a calamity. The accounts for the financial year show a dramatic improvement on the two prior years. The Net Current Assets increased in the year by £151,137 to £236,492 with a bank balance at 30th June 2020 of £295,796, an increase in the year of £129,706. It is important to note that the improvement in *Unrestricted* Net Current Assets and bank balance were much lower at £75,351 and £40,920 respectively. Also, a number of unrestricted grants were received during the year which contributed to the improved unrestricted bank balance at the year end, these will help support the business during the coming year when difficult trading conditions are anticipated whilst the Social Enterprise gets back to a normal 'pre Covid' trading position.

In November 2020, immediately prior to our Annual General Meeting, forecast financial statements were reviewed by the Board and confirmed that the charity will be able to continue, beyond 31st December 2021, as a 'going concern'.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and is constituted as a company, limited by guarantee, as defined by the Companies Act 2006. The charity was constituted in 2010 as a company limited by guarantee, controlled by its governing document, the Memorandum and Articles of Association, as defined by the Companies Act 2006.

The objects of the charity are the alleviation and relief of poverty, hardship and distress arising therefrom, in conformance with the principles of the Emmaus Movement; the provision of accommodation for homeless people in South Wales, the rehabilitation of the beneficiaries and the provision of education and training, including employment training and work opportunities with the purpose of developing their skills to enable them to gain employment in the future and thereby develop a sense of self-worth and dignity through having a self-supporting life.

Structure, governance and management

The Board is responsible for the strategic direction and policy of the charity. In the past two years, with the need to achieve a turnaround of the company, the Board reverted to meeting monthly. Emmaus UK is a Member of the charity and its Chief Executive, Simon Grainge, frequently attends Board meetings.

Each meeting is preceded, a week before, by a meeting of the Enterprise and Finance Committee. Its members are five Trustees, the Chief Executive, the Community Manager, the Finance Manager and the Head of Retail.

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It reviews the state of the Community and the charity's financial results. It exercises financial control, considers future projections and business proposals and submits its report and statement of decisions needed to the Board. At a time of significant changes in personnel, a People Committee, composed of Trustees and the Chief Executive was reconvened to agree action on staff recruitment and make recommendations to the Board on updating our Policies. HR advice is provided to all Emmaus Communities by the HR Consultancy: Roots HR. Marketing and web management support is now provided to Emmaus South Wales by Emmaus UK and our appreciation is recorded for the service provided.

A delegation framework is in place, with the day to day responsibility for the operations of the charity resting with the Chief Executive. The Chief Executive is responsible for ensuring that the charity delivers its strategic objectives, achieves the budget for the ensuing year and meets key performance indicators.

Planning the Future

Recognizing the need to plan to ensure long-term survival and growth of the charity, the Board and Management Team are undertaking a fundamental review of strategy, to strengthen the Community and to make the social enterprise able to bear the costs of running the charity. Funding will continue to be a major challenge as our social enterprise may not fully recover in the current financial year. Nevertheless, Emmaus South Wales has ambitions to play its part in future provision for the homeless in enlarging its own Community home and the outreach of Emmaus, long-term, in South Wales.

Risk management

Trustees have in place risk management procedures, policies and a Risk Register which aims to identify, manage and mitigate foreseeable risks that the charity might face. The Board has recently spent 1½ days reviewing its Risk Register, which is used as a dynamic tool by the management team, identifying risks to which the charity is exposed and ensuring appropriate controls are in place to minimise undue risk and guard against fraud and error.

The Chief Executive has overall responsibility for monitoring the risks and ensuring appropriate and timely mitigation is put in place. The Charity is committed to safeguarding staff, Companions and volunteers and effective health and safety risk management in accordance with its Health and Safety policy. Risk assessments and specific procedures are completed, reviewed, and maintained. All new activities and potential risks are risk assessed. All staff and volunteers participate in a health and safety induction, with specific training offered when desirable or necessary.

Policies

A complete portfolio of policies and procedures has been established. They are regularly reviewed.

Recruitment, appointment and training of new trustees

The Charity is directed by a Board of Trustees who are elected and co-opted under the terms of the Articles of Association. The Board of Trustees recently reviewed the skills and experience of its members following which four new Trustees were recruited. This has significantly added to the Board's expertise, broadened its skill base and strengthened the capacity of the Board to running an Emmaus charity.

Each new Trustee is briefed about the Community, their legal and ethical responsibilities, and an induction programme is in place. The Emmaus South Wales Board has adopted the Charity Commission Governance Code for smaller charities.

EMMAUS SOUTH WALES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

Induction and training takes the form of attendance at Board Meetings and its Committees, escorted visits to other neighbouring Emmaus Communities, attending the Emmaus UK Federation Induction Day, formal training in the responsibilities of a Trustee and assumption of appropriate roles in support of the Community and its social enterprise. Attendance at the Emmaus Annual Assembly and other conferences and meetings of the Emmaus Movement form an important way in which new Trustees learn the Emmaus ethos and best practice and gain essential contacts. All trustees give their time voluntarily and receive no benefits from the Charity. No expenses have been claimed from the charity since September 2018. None of the trustees has any beneficial interest in the company.

The Wider Emmaus Movement

Emmaus in the UK is part of the international Emmaus Movement, made up of 410 member groups working in 41 countries around the world. The work that the members do varies, depending on the needs of the country that they work in, but all Groups share a commitment to *"serve first those who suffer most"*, as set out in the Universal Manifesto of the Emmaus Movement. Emmaus South Wales now has full membership of Emmaus UK, Emmaus Europe and Emmaus International.

As part of an International Movement, we learn from one another, share experiences and work together to support those in greatest need. Staff, companions, volunteers and trustees in the UK participate in exchanges, meetings and in solidarity sales, where money is raised for Emmaus projects in poorer countries.

Since the first community opened in the UK in 1992, Emmaus has grown quickly. There are now 29 communities spread across the UK, with a further five groups currently working to establish new communities. Emmaus now supports more than 815 formerly homeless people, living at Emmaus Communities in England, Wales & Scotland with aspirations and plans to grow further to meet the need. The UK now has the largest Emmaus movement outside of France. Each Community has at least one shop or social enterprise, with many running successful cafés, shops, gardening projects and removal companies. No two Emmaus communities are the same - each has its own individual personality, providing a set of services which meet the needs of its local area. For many, Emmaus offers a welcoming place to visit, to speak with companions, volunteers and staff.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

Emmaus South Wales is assisted by the Emmaus UK Federation. Under Emmaus UK's Chief Executive, Simon Grainge, a team of supporters offers help and advice to Emmaus Groups and Communities on: communications, marketing and web management, fundraising, business and retail development, performance monitoring and evaluation, community development, companion referrals, strategic planning and finance. The Board greatly appreciates the support received. Roots HR provide an HR service to Emmaus Communities.

FUNDS HELD BY TRUSTEES FOR THIRD PARTIES

The charity holds funds (savings) on behalf of Companions, which are built up weekly at £5 per Companion from his or her weekly allowance. This enables each Companion to have some savings when they move on from Emmaus South Wales. The savings are held solely for the benefit of the Companions. The amounts saved are recorded at the Community home at Nant Lais and are kept separate from other funds as required by FRS102 module 19.

EMMAUS SOUTH WALES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

07188459 (England and Wales)

Registered Charity number

1136010

Registered office

6 Caroline Street
Bridgend
CF31 1DQ

Trustees

J Raikes	Chair
M E Roberts	Vice Chair
J A Noble	Treasurer
C A Lowry	Hon Secretary
L Arcos	
A Brenton	Resigned 29th August 2019
T V Eades	Joined Board 27th January 2020
E-W Francis	Joined Board 10th June 2020
E S Hammonds	Joined Board 27th January 2020
B Jackson	Joined Board 30th March 2020
P Knapp	
M Major MBE	Resigned 2nd March 2020
P Manghan	Resigned 30th October 2019

Chief Executive

J Wray - Appointed 1st July 2019

Company Secretary

C A Lowry

Auditors

Graham Paul Limited
(Statutory Auditor)
Court House
Court Road
Bridgend
CF31 1BE

THANKS

The Trustees would like to express their thanks to all who have supported the Emmaus South Wales Community and Social Enterprise in the past year, especially the Chief Executive and staff of Emmaus UK, and to all Trustees, staff and volunteers. The Board expresses its gratitude for the significant contributions made by two Trustees who retired in the past year: Mari Major MBE and Revd Dr Philip Manghan.

EMMAUS SOUTH WALES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

We are immensely grateful for the generous support, at a time of crisis, from: BAVO, Big Sleep, The CAF Bank, The Lloyds Bank Foundation, The Moondance Foundation, The Oak Foundation, The Hodge Foundation, The Waterloo Foundation, WCVA, Fareshare, Souter, VSEF and from the Government to cover rates and to furlough staff whilst shops were closed. Covid-19 has been a disaster for many charities, but Emmaus South Wales' survival has been assured by this generosity.

Once again, we thank our generous donors of furniture, clothes, books and bric-a-brac and to our wonderful customers who then buy them and signpost others to our shops!

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Emmaus South Wales for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The Auditors, Graham Paul Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 23rd November 2020 and signed on its behalf by:



M. Roberts – Trustee



J. Raikes - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EMMAUS SOUTH WALES

Opinion

We have audited the financial statements of Emmaus South Wales (the 'charitable company') for the year ended 30 June 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements with regards to going concern. The charitable company has made a surplus of £57,323 in the year to 30th June 2020 but made losses of £172,752 and £186,669 in the previous two years.

The Board of Trustees has prepared forecasts to December 2021 and are confident that there shall be sufficient working capital to enable it to continue as a going concern for the foreseeable future.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EMMAUS SOUTH WALES

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
EMMAUS SOUTH WALES**



Brian Scott FCA (Senior Statutory Auditor)
for and on behalf of Graham Paul Limited
(Statutory Auditor)
Court House
Court Road
Bridgend
CF31 1BE

23rd November 2020

EMMAUS SOUTH WALES

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 30 JUNE 2020

		Unrestricted funds	Restricted funds	2020 Total funds	2019 Total funds
	Notes	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	24,953	-	24,953	24,442
Charitable activities	5				
Grants more than £5,000		152,346	201,306	353,652	6,523
Grants less than £5,000		6,713	5,709	12,422	-
Social enterprise		476,939	-	476,939	740,857
Other trading activities	3	56,493	-	56,493	140,610
Investment income	4	<u>282</u>	<u>-</u>	<u>282</u>	<u>592</u>
Total		717,726	207,015	924,741	913,024
EXPENDITURE ON					
Raising funds	6	24,049	-	24,049	56,625
Charitable activities	7				
Support Costs		107,122	39,800	146,922	159,537
Finance costs		1,116	-	1,116	8,855
Social enterprise		544,319	142,678	686,997	804,048
Other	9	<u>8,334</u>	<u>-</u>	<u>8,334</u>	<u>56,711</u>
Total		684,940	182,478	867,418	1,085,776
NET INCOME/(EXPENDITURE)		32,786	24,537	57,323	(172,752)
Transfers between funds	21	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		32,786	24,537	57,323	(172,752)
RECONCILIATION OF FUNDS					
Total funds brought forward		33,744	1,090,850	1,124,594	1,297,346
TOTAL FUNDS CARRIED FORWARD		<u>66,530</u>	<u>1,115,387</u>	<u>1,181,917</u>	<u>1,124,594</u>

EMMAUS SOUTH WALES

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

		Unrestricted funds	Restricted funds	2020 Total funds	2019 Total funds
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	13	23,707	1,015,043	1,038,750	1,104,918
CURRENT ASSETS					
Stocks	14	2,968	-	2,968	13,002
Debtors	15	64,144	-	64,144	71,171
Cash at bank		<u>182,452</u>	<u>113,344</u>	<u>295,796</u>	<u>166,090</u>
		249,564	113,344	362,908	250,263
CREDITORS					
Amounts falling due within one year	16	<u>(113,416)</u>	<u>(13,000)</u>	<u>(126,416)</u>	<u>(164,908)</u>
NET CURRENT ASSETS		<u>136,148</u>	<u>100,344</u>	<u>236,492</u>	<u>85,355</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		159,855	1,115,387	1,275,242	1,190,273
CREDITORS					
Amounts falling due after more than one year	17	(88,250)	-	(88,250)	(58,504)
ACCRUALS AND DEFERRED INCOME	20	<u>(5,075)</u>	<u>-</u>	<u>(5,075)</u>	<u>(7,175)</u>
NET ASSETS		<u>66,530</u>	<u>1,115,387</u>	<u>1,181,917</u>	<u>1,124,594</u>
FUNDS	21				
Unrestricted funds				66,530	33,744
Restricted funds				<u>1,115,387</u>	<u>1,090,850</u>
TOTAL FUNDS				<u>1,181,917</u>	<u>1,124,594</u>

EMMAUS SOUTH WALES

**STATEMENT OF FINANCIAL POSITION - CONTINUED
AT 30 JUNE 2020**

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees on 23 November 2020 and were signed on its behalf by:



M E Roberts -Trustee



J Raikes -Trustee

EMMAUS SOUTH WALES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Notes	£	£
Cash flows from operating activities:			
Cash generated from operations	1	136,888	53,130
Interest paid		<u>-</u>	<u>(2,448)</u>
Net cash provided by operating activities		<u>136,888</u>	<u>50,682</u>
 Cash flows from investing activities:			
Purchase of tangible fixed assets		(7,464)	(2,382)
Sale of tangible fixed assets		-	1,209
Interest received		<u>282</u>	<u>592</u>
Net cash provided used in investing activities		<u>(7,182)</u>	<u>(581)</u>
 Cash flows from financing activities:			
New loans in year		<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
 Change in cash and cash equivalents in the reporting period		<u>129,706</u>	<u>50,101</u>
Cash and cash equivalents at the beginning of the reporting period		<u>166,090</u>	<u>115,989</u>
 Cash and cash equivalents at the end of the reporting period		<u>295,796</u>	<u>166,090</u>

EMMAUS SOUTH WALES**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

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

	2020	2019
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	57,323	(172,752)
Adjustments for:		
Depreciation charges	71,941	80,518
Loss on disposal of fixed assets	1,691	3,743
Interest received	(282)	(592)
Interest paid	-	2,448
Decrease in stocks	10,034	6,439
Decrease in debtors	7,027	87,631
(Decrease)/Increase in creditors	<u>(10,846)</u>	<u>45,695</u>
Net cash provided by operating activities	<u>136,888</u>	<u>53,130</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

GOING CONCERN

The critical requirement for a "going concern" is the adequacy of a charity's working capital or Net Current Assets. The Trustees have set a conservative "Working Capital Reserve" of £100,000 which would ensure the survival of the charity in the event of a calamity. The accounts for the financial year show a dramatic improvement on the two prior years. The Net Current Assets increased in the year by £151,137 to £236,492 with a bank balance at 30th June 2020 of £295,796, an increase in the year of £129,706. In November 2020, immediately prior to our Annual General Meeting, forecast financial statements were reviewed by the Board and confirmed that the charity will be able to continue, beyond 31st December 2021, as a 'going concern'.

In March, the Board saw the onset of Covid-19 as a major threat to the charity. The grants achieved in the last three months of the year, when shops were closed, resulted in a year which was a dramatic improvement on the past two years. The Trustees and management are experiencing yet another difficult trading year in 2020/21, with Covid-19 still a major deterrent to the recovery of customer footfall on our 'High Streets'. However, at the time of publishing this Report & Accounts in November 2020, they are confident of being able to continue to trade as a "going concern".

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds and it is probable that the income will be received and the amount can be measured reliably.

Cash donations are recognised at point of receipt. Donated goods are recognised when the item is sold.

Stocks of small goods donated to the charity are not recognised due to the practicality of determining the value of the stock item until the point of sale.

Grant income is recognised when the terms and conditions relating to the grant have been met.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, plus any costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 40% on reducing balance
Computer equipment	- 20% on cost

Assets in leasehold premises are depreciated over the term of the lease or at the estimated useful life, whichever is shorter.

Stocks

Stocks are valued at the lower of cost on a first in first out basis and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Statement of Financial Position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

1. ACCOUNTING POLICIES – continued

Pension costs and other post-retirement benefits

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate.

(ii) Dilapidation

The charity estimates the cost of restoring each shop to its original state at the end of the lease. This total estimated cost is then spread equally over the period of the lease and charged to the profit and loss account on an annual basis giving rise to a dilapidation provision.

2. DONATIONS AND LEGACIES

	2020	2019
	£	£
Donations (Inc. Gift Aid)	<u>24,953</u>	<u>24,442</u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 30 JUNE 2020

3. OTHER TRADING ACTIVITIES

	2020	2019
	£	£
Shop income - purchased goods	34,197	90,638
Online shop	12,413	8,149
House clearance	3,383	9,653
Recycling income	6,500	31,829
Other income	-	341
	<u>56,493</u>	<u>140,610</u>

4. INVESTMENT INCOME

	2020	2019
	£	£
Interest received	<u>282</u>	<u>592</u>

5. INCOME FROM CHARITABLE ACTIVITIES

		2020	2019
	Activity	£	£
Grants	Grants more than £5,000	353,652	6,523
Grants	Grants less than £5,000	12,422	-
Primary Purpose Trading Activity	Social enterprise	476,939	740,857
		<u>843,013</u>	<u>747,380</u>

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

	2020	2019
	£	£
Lloyds Bank Foundation (Restricted)	23,000	-
Hodge Foundation (Restricted)	25,000	-
Volunteering in Wales grant via WCVA (Restricted)	9,057	-
Fareshare (Restricted)	3,809	-
Welsh Government (Covid 19 business rates grants – Unrestricted)	125,000	-
Souter (Unrestricted)	3,000	-
VSEF Small Grants (Restricted)	97,550	-
CAF Coronavirus Emergency Fund (Restricted)	10,000	-
Welsh Government (Furlough scheme - Restricted)	26,034	-
OAK Foundation	-	(104)
Moondance (Restricted)	10,666	5,333
Waterloo Foundation (Unrestricted)	25,000	-
Other grants	<u>7,958</u>	<u>1,294</u>
	<u>366,074</u>	<u>6,523</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

6. RAISING FUNDS**Other trading activities**

	2020	2019
	£	£
Purchases	24,049	56,625
	<u> </u>	<u> </u>

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 8)	Totals
	£	£	£
Social enterprise	686,997	-	686,997
Support Costs	-	146,922	146,922
Finance costs	-	1,116	1,116
	<u>686,997</u>	<u>148,038</u>	<u>835,035</u>

8. SUPPORT COSTS

	Management	Finance	Governance costs	Totals
	£	£	£	£
Other resources expended	-	-	8,334	8,334
Support Costs	146,922	-	-	146,922
Finance costs	-	1,116	-	1,116
	<u>146,922</u>	<u>1,116</u>	<u>8,334</u>	<u>156,372</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

9. OTHER

	2020	2019
	£	£
Restructuring costs	-	45,504
Support costs	<u>8,334</u>	<u>11,207</u>
	<u>8,334</u>	<u>56,711</u>

The total of other costs is included within Central costs in the analysis of income and expenditure below.

ANALYSIS OF INCOME AND EXPENDITURE**2020**

	Social Enterprise - Shop Donated £	Social Enterprise – Shop Other £	Community £	Fundraising £	Central £	Total £
Total income	555,330	34,196	234,526	15,164	85,525	924,741
Total costs	<u>470,760</u>	<u>27,634</u>	<u>216,327</u>	<u>-</u>	<u>152,697</u>	<u>867,418</u>
Net surplus/ (deficit)	<u>84,570</u>	<u>6,562</u>	<u>18,199</u>	<u>15,164</u>	<u>(67,172)</u>	<u>57,323</u>

2019 Comparative

	Social Enterprise - Shop Donated £	Social Enterprise – Shop Other £	Community £	Fundraising £	Central £	Total £
Total income	654,378	90,638	147,750	19,458	800	913,024
Total costs	<u>609,109</u>	<u>76,675</u>	<u>231,486</u>	<u>-</u>	<u>168,506</u>	<u>1,085,776</u>
Net surplus/ (deficit)	<u>45,269</u>	<u>13,963</u>	<u>(83,736)</u>	<u>19,458</u>	<u>(167,706)</u>	<u>(172,752)</u>

Basis of allocation**Income**

Social Enterprise income represents income from shops through sales of donated and new goods. Also included are the grants received from Welsh government relating to Covid 19 support for the retail sector £125,000 received in 2019/20, Job retention scheme grants and any element of restricted grants specifically related to the Enterprise.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

9. OTHER - continued

Community income represents income from housing benefit received from Bridgend County Borough Council and restricted grants specifically related to Community costs. At the year end £29,202 was carried forward in restricted funds which is the Community related element of a grant received from VSEF unspent at the year end.

Fundraising income represents income from donations and similar activities.

Central income represents restricted grants specified as relating to central costs. Restricted grants applicable to other areas are included in income for those areas. Also included in Central income are £30k of unrestricted grants received in the year.

Governance represents income from bank interest.

Expenditure

Social Enterprise costs are based on direct costs of each shop plus an allocation of overhead costs relating to shop activity. The split between donated and purchased costs is based on:

- First allocating direct costs of goods purchased
- Secondly allocating all other costs on the basis of activity

Community costs are based on direct costs plus an allocation of overhead.

Fundraising costs represent an estimate of the cost of time spent on this activity.

Central costs are all other costs, such as governance, interest and central accounting functions together with related share of overheads.

10. NET INCOME/(EXPENDITURE)

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

	2020	2019
	£	£
Auditors' remuneration	5,041	5,709
Other non-audit services	1,800	2,200
Depreciation - owned assets	71,941	80,518
Hire of plant and machinery	7,922	5,941
Other operating leases	141,721	147,792
Deficit on disposal of fixed asset	<u>1,274</u>	<u>3,743</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 June 2020 nor for the year ended 30 June 2019.

Trustees' expenses

	2020	2019
	£	£
Trustees' expenses	<u>-</u>	<u>326</u>

Trustees expenses relate to the reimbursement of travel expenses during the year to one trustee incurred wholly and exclusively in relation to charity activities.

12. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	290,841	406,561
Social security costs	15,830	22,091
Other pension costs	<u>6,275</u>	<u>9,902</u>
	<u>312,946</u>	<u>438,554</u>

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

	2020	2019
Administration	3	4
Community	2	2
Social Enterprise	<u>10</u>	<u>19</u>
	<u>15</u>	<u>25</u>

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

Remuneration to key management personnel in the year was £127,000.

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 30 JUNE 2020

13. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 July 2019	1,254,757	141,322	40,834	9,917	1,446,830
Additions	-	7,464	-	-	7,464
Disposals	-	-	(17,755)	-	(17,755)
At 30 June 2020	<u>1,254,757</u>	<u>148,786</u>	<u>23,079</u>	<u>9,917</u>	<u>1,436,539</u>
DEPRECIATION					
At 1 July 2019	188,465	118,149	32,510	2,788	341,912
Charge for year	53,847	12,294	3,444	2,356	71,941
Eliminated on disposal	-	-	(16,064)	-	(16,064)
At 30 June 2020	<u>242,312</u>	<u>130,443</u>	<u>19,890</u>	<u>5,144</u>	<u>397,789</u>
NET BOOK VALUE					
At 30 June 2020	<u>1,012,445</u>	<u>18,343</u>	<u>3,189</u>	<u>4,773</u>	<u>1,038,750</u>
At 30 June 2019	<u>1,066,292</u>	<u>23,173</u>	<u>8,324</u>	<u>7,129</u>	<u>1,104,918</u>

The land and buildings were purchased utilising grants with a supporting charge on relevant land and buildings - and cannot be sold without the consent of the donors - see note 21 for further details.

14. STOCKS

	2020	2019
	£	£
Stocks	<u>2,968</u>	<u>13,002</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Other debtors	7,434	13,476
Gift Aid debtors	6,929	4,552
Prepayments	33,557	53,143
VAT debtor	8,247	-
Job retention scheme debtor	<u>7,977</u>	<u>-</u>
	<u>64,144</u>	<u>71,171</u>

EMMAUS SOUTH WALES**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020****16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Other loans (see note 18)	-	2,172
Trade creditors	26,863	47,477
Social security and other taxes	2,570	7,738
VAT	-	9,351
Other creditors	<u>96,983</u>	<u>98,170</u>
	<u>126,416</u>	<u>164,908</u>

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

	2020	2019
	£	£
Other loans (see note 18)	43,250	43,250
Other creditors	<u>45,000</u>	<u>15,254</u>
	<u>88,250</u>	<u>58,504</u>

18. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year on demand:		
Carbon Trust Loan	<u>-</u>	<u>2,172</u>
Amounts falling between one and two years:		
Emmaus UK loan	<u>43,250</u>	<u>43,250</u>
	<u>43,250</u>	<u>43,250</u>

19. LEASING AGREEMENTS

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

	2020	2019
	£	£
Within one year	92,832	93,133
Between one and five years	<u>178,708</u>	<u>174,367</u>
	<u>271,540</u>	<u>267,500</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

20. ACCRUALS AND DEFERRED INCOME

	2020	2019
	£	£
Accruals and deferred income	5,075	7,175

21. MOVEMENT IN FUNDS

	At 1.7.19 £	Net movement in funds £	Transfers between funds £	At 30.6.20 £
Unrestricted funds				
General fund	33,744	32,786	-	66,530
Restricted funds				
VSEF Small Grants	-	67,458	-	67,458
CAF Coronavirus Emergency Fund	-	8,444	-	8,444
Nant Lais	1,086,284	(54,020)	-	1,032,264
Fareshare	-	2,425	-	2,425
Grants < £5,000	-	230	-	230
Moondance	73	-	-	73
Shaw Trust	4,493	-	-	4,493
	1,090,850	24,537	-	1,115,387
TOTAL FUNDS	1,124,594	57,323	-	1,181,917

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	717,726	684,940	32,786
Restricted funds			
VSEF Small Grants	97,550	30,092	67,458
Lloyds Bank Foundation	23,000	23,000	-
Moondance	10,666	10,666	-
Nant Lais	-	54,020	(54,020)
Fareshare (capital spent but c/f £2,425)	3,809	1,384	2,425
CAF Coronavirus Emergency Fund	10,000	1,556	8,444
Hodge Foundation	25,000	25,000	-
Grants < £5,000	1,900	1,670	230
Volunteering in Wales grant via WCVA	9,057	9,057	-
HMRC Job Retention Scheme	26,033	26,033	-
	207,015	182,478	24,537
TOTAL FUNDS	924,741	867,418	57,323

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

21. MOVEMENT IN FUNDS – continued**Comparatives for movement in funds**

	At 1.7.18 £	Net movement in funds £	Transfers between funds £	At 30.6.19 £
Unrestricted funds				
General fund	152,649	(76,134)	(42,771)	33,744
Restricted funds				
Oak Foundation	-	(16,104)	16,104	-
Lloyds Bank Foundation	-	(32,000)	32,000	-
Nant Lais	1,140,131	(53,847)	-	1,086,284
Moondance	73	5,333	(5,333)	73
Shaw Trust	4,493	-	-	4,493
	<u>1,144,697</u>	<u>(96,618)</u>	<u>42,771</u>	<u>1,090,850</u>
TOTAL FUNDS	<u>1,297,346</u>	<u>(172,752)</u>	<u>-</u>	<u>1,124,594</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	907,795	(983,929)	(76,134)
Restricted funds			
Oak Foundation	(104)	(16,000)	(16,104)
Lloyds Bank Foundation	-	(32,000)	(32,000)
Moondance	5,333	-	5,333
Nant Lais	-	(53,847)	(53,847)
	<u>5,229</u>	<u>(101,847)</u>	<u>(96,618)</u>
TOTAL FUNDS	<u>913,024</u>	<u>(1,085,776)</u>	<u>(172,752)</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

21. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.7.18 £	Net movement in funds £	Transfers between funds £	At 30.6.20 £
Unrestricted funds				
General fund	152,649	(43,348)	(42,771)	66,530
Restricted funds				
Oak Foundation	-	(16,104)	16,104	-
Lloyds Bank Foundation	-	(32,000)	32,000	-
Nant Lais	1,140,131	(107,867)	-	1,032,264
Moondance	73	5,333	(5,333)	73
Shaw Trust	4,493	-	-	4,493
VSEF Small Grants	-	67,458	-	67,458
CAF Coronavirus Emergency Fund	-	8,444	-	8,444
Grants < £5,000	-	2,655	-	2,655
	<u>1,144,697</u>	<u>(72,081)</u>	<u>42,771</u>	<u>1,115,387</u>
TOTAL FUNDS	<u>1,297,346</u>	<u>(115,429)</u>	<u>-</u>	<u>1,181,917</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,625,521	(1,668,869)	(43,348)
Restricted funds			
Oak Foundation	(104)	(16,000)	(16,104)
Lloyds Bank Foundation	23,000	(55,000)	(32,000)
Moondance	16,000	(10,667)	5,333
Nant Lais	-	(107,867)	(107,867)
VSEF Small Grants	97,550	(30,092)	67,458
CAF Coronavirus Emergency Fund	10,000	(1,556)	8,444
Hodge Foundation	25,000	(25,000)	-
Grants < £5,000	4,414	(1,759)	2,655
Volunteering in Wales grant via WCVA	10,351	(10,351)	-
HMRC Job Retention Scheme	26,033	(26,033)	-
	<u>212,244</u>	<u>(284,325)</u>	<u>(72,081)</u>
TOTAL FUNDS	<u>1,837,765</u>	<u>(1,953,194)</u>	<u>(115,429)</u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 30 JUNE 2020

21. MOVEMENT IN FUNDS - continued

Restricted funds:-

<u>Funder</u>	<u>Purpose</u>	<u>In Year (£)</u>	<u>Total to date (£)</u>
Lloyds Bank Foundation	Finance & Administrator's wages & associated costs	23,000	95,000
Oak Foundation	Business manager wages & associated costs	-	148,692
Moondance Foundation	Business manager wages & associated costs	10,667	106,000
Nant Lais	Development of Community Home		
	Welsh Assembly	-	500,000
	The Big Lottery	-	425,000
	Emmaus Appeal	-	136,344
	Other Nant Lais donors	-	178,404
Waterloo Foundation	Contribution to community costs	-	20,000
Hodge Foundation	Contribution to Community manager & Support worker costs	25,000	25,000
VSEF Small Grants	Contribution towards Core Costs and Companion costs	97,550	97,550
CAF Coronavirus Emergency Fund	Contribution towards core work (warehouse and van costs)	10,000	10,000

The Big Lottery and Welsh Assembly grants were provided with a supporting charge on the land and buildings that the property will be used for the purposes of providing homes for Companions and cannot be sold without the consent of the donors.

22. CONTINGENT LIABILITIES

The grants received from Emmaus UK in previous years, amounting to £46,250, are repayable in full if Emmaus South Wales ceases to be a member of the Emmaus federation in the United Kingdom.

23. RELATED PARTY DISCLOSURES

The charity made sales to and purchases from Emmaus UK of £Nil and £3,333 respectively (2019: £Nil and £Nil respectively) during the year.

At the year end the charity owed £43,250 (2019: £43,250) in respect of a loan from Emmaus UK.

24. COMPANY LIMITED BY GUARANTEE

Emmaus South Wales is a company limited by guarantee. On incorporation, the total guarantee was £7.00.