

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
FOR
EMMAUS SOUTH WALES
(A COMPANY LIMITED BY GUARANTEE)**

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

EMMAUS SOUTH WALES
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FOR THE YEAR ENDED 30 JUNE 2018

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**EMMAUS SOUTH WALES
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018**

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 June 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Emmaus is an international movement, independent of religious or political affiliation. It originated in France in 1949, based on Abbe 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>).

Emmaus is a homelessness charity with a difference. Emmaus does not just give people a bed for the night; it offers a home, meaningful work and a sense of belonging. 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, offering a bed for the night but little to occupy your days. Emmaus is different because it provides a home for as long you need it, in an Emmaus community. This gives you the opportunity to take stock of your life, deal with any issues you might have, and often re-establish relationships with your loved ones.

"Companion" is the name given to those who live in an Emmaus community. 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. We have developed partnerships and referral relationships with other services from which we are generating referrals and encouraging homeless people to contact us. Companions are required to take an active part in the daily life of the community, including working to the best of their ability in the social enterprise where they support themselves and one another. This is not an employee/employer relationship as the work is adapted to suit the capacity of the companion (which may be very limited) rather than the companion being made to adapt to the work. This approach enables opportunities for training and future employment but most importantly of all it allows companions to regain their dignity.

Emmaus Communities in the UK enable people who are homeless to rebuild their lives within self-supporting Communities. Companions can live at our Community home at Nant Lais, and 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.

Emmaus South Wales is fully committed to an equal opportunities policy 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 can be shown to be justified.

**EMMAUS SOUTH WALES
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018**

OBJECTIVES AND ACTIVITIES

Emmaus works in cooperation with the Local Authority and Government

The report ('Better than cure? Testing the case for enhancing prevention of single homelessness in England 2016') by Crisis, in conjunction with the University of York and the University of Pennsylvania, estimated the annual cost to the taxpayer of a single person being homeless to be around £35.5k. The only cost to the taxpayer of a Companion living in our Emmaus Community is Housing Benefit of around £10.5k per Companion, which is paid to Emmaus as the rent for residence in Nant Lais. So, 19 Companions safely housed in the Community Home at Nant Lais and kept from homelessness, save the UK taxpayer nearly £500K per annum. This is an impressive social investment.

The 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.

Faced with the introduction of Universal Credit, Emmaus throughout the UK, lobbied MPs and AMs to give their serious consideration to maintaining the traditional Housing Benefit support which was essential for Emmaus to serve homeless people. Emmaus South Wales greatly values the support of our Bridgend MP, The Rt. Hon Madeleine Moon in raising awareness of homelessness and in the Emmaus meeting with the then DWP Secretary of State, The Rt. Hon David Gauke MP to make the case for Emmaus communities to remain secure throughout the rollout of Universal Credit.

The news that our Companions will continue to receive Housing Benefit has come as a relief to the charity since this income is essential to the charity's viability. The impact of Universal Credit upon the Emmaus model, including volunteers, is yet to be fully understood. Emmaus South Wales long-term strategy is to develop its Social Enterprise to cover as much of the costs of the Community as possible. However, at present, that has not been achieved and increased support from Government and donors is essential to carry out our work of supporting the homeless.

**EMMAUS SOUTH WALES
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018**

OBJECTIVES AND ACTIVITIES

The Community Home at Nant Lais

In March 2015, the Community building and two acres of land on which it stands, were purchased for £175,000 from Valleys to Coast Housing Association, and a further £1.1 million incurred to convert and equip the building to form a Community home for 24 Companions. The Community was opened in January 2016.

The fund-raising efforts of Emmaus South Wales and the generous support of organisations, individuals and foundations ensured that the costs of refurbishment were entirely covered. Nant Lais, in the Newcastle ward in Bridgend, is the first Emmaus Community home established in Wales, a Community where homeless people live and work, recover self-confidence and support both themselves and others.

During the year July 2017 to June 2018, 11 new Companions moved into Nant Lais. We are grateful to those who have referred Companions. Occupancy of the community home reached 21 companions, nearly 90% of its capacity during the year, with several new companions joining, whilst others moved on. At the time of writing, the Community houses 18 Companions.

Some companions have complex needs and, during the year, additional staffing was required, with agency staff being employed at high cost. Enhanced Housing Benefit from the local authority has now been agreed, to cover the increased costs of accommodating and supporting the formerly homeless people who join the community. The community is now being operated as economically as possible with companions committed to helping run their social enterprise.

Our Companions cover a wide range of demographics, coming from all parts of the United Kingdom with ages ranging from 22 to 65. During the year, the Community had a Welsh contingent of 30%, with a proportion of those from the Bridgend area. Companions present with many needs. Several have a history of substance misuse, whilst others have experienced alcohol addiction. The Community management team find it necessary to deal with depression, ADHD, transgender issues and anger management. Counselling is arranged for Companions with emotional issues when they arrive; 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 grow, building a safe and stable Community with Companions committed to work in the social enterprise to support themselves.

The Community had successful visits from local organisations during the year, Companions and staff being interviewed by the media to describe the work of Emmaus South Wales. This has promoted Emmaus values and its social enterprise model, highlighting the benefits it offers to local homeless people.

Companions welcomed staff from the Bridgend branch of the Nationwide Building Society to the Nant Lais, Community home for a corporate volunteering day, after two branches (Bridgend and Neath) chose Emmaus South Wales as their local charity of the year, carrying out a number of activities and fundraising on our behalf. In December 2017, Companions invited staff from Brynmennyn Family Hostel for an early Christmas lunch after hearing they would be working with their service users on Christmas Day.

Emmaus South Wales enjoyed the support of a number of local businesses and organisations throughout the year: receiving the local Aldi's surplus food on Christmas Eve; the proceeds of a concert at the Ewenny Arts Festival: £650, and hundreds of items of bedding and towels from The Clayton and Radisson Blu Hotels in Cardiff to support our Community home and solidarity work.

The charity has again enjoyed support from The Lloyds Bank Foundation, The Moondance Foundation, The Oak Foundation and The Waterloo Foundation.

**EMMAUS SOUTH WALES
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018**

OBJECTIVES AND ACTIVITIES

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. 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 Business Manager and Community staff and kept under weekly review by shop managers and volunteers.

Companions are encouraged to live effectively together as a Community. Companions take the lead on conflict resolution and weekly Community meetings address any behavioural or procedural issues. The Community's effective relationship with our local Police ensures that Companions develop healthy responses to law enforcement, and our local Police act quickly if any issues arise.

Trustees meet periodically with Companions to ensure that Companions are aware of the Trustees commitment to their support and welfare and that Trustees are fully aware of the operation of the Community.

The Social Enterprise

The social enterprise comprises seven shops in Bridgend, Porthcawl, Maesteg, Neath, Cowbridge and Aberdare together with a warehouse and two vans. It creates employment and training opportunities for staff, Companions 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 to support themselves, Companions regain self-respect as they see their actions make a real difference, both to their own lives, and the lives of others.

The social enterprise sold donated goods worth £687,834, a decline of £36,807 compared with the previous year. Sales of donated goods generated a net surplus of £79,137, a decline of £64,072 compared with the previous year. New goods sales of £99,998, increased by £30,788, but show a net deficit of £37,425. Although apparently loss-making, new goods sales of beds, mattresses and refrigerators are ancillary to our traditional business and make a net contribution over variable costs.

Over 7,000 donated items, weighing over 209 tonnes, were sold, which might otherwise have ended up in landfill - a significant environmental contribution. Selling online through a new E-Bay shop and website has begun.

The social enterprise continues to achieve the multiple objectives of demonstrating that Emmaus South Wales is a serious player, saving waste through re-use and recycling, supplying needy people with low-cost furniture and household goods, creating employment and volunteering opportunities and generating funds to support an Emmaus Community serving homeless people.

Increased costs included increases in minimum wage, utility costs and on essential compliance, with shop improvements and better health and safety provision for staff, companions, volunteers and visitors. The shops are serviced by a van team with two vans. On a vehicle recently replaced, Emmaus is partnering with four local businesses who advertise on the sides of the vehicle.

As a reuse charity, Emmaus relies on generous donations from local people, especially of furniture. With less new furniture being sold by high street shops, the charity experienced some decline in donations received. Several shops failed to make a net contribution. Action has and continues to be taken to reduce costs and raise income. Opportunities are under examination to broaden the base of our social enterprise, by offering other products and services including house clearances and on-line sales.

The focus for the current year is to maximise sales, cut costs, ensure maximum commitment by Companions to working in the social enterprise and build an excellent working relationship between the staff and companions of the Community and the staff in the shops.

**EMMAUS SOUTH WALES
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018**

OBJECTIVES AND ACTIVITIES

Staff and Volunteers

The past year has been a challenging one for Emmaus South Wales with several changes in staff. The social enterprise has a team of 19 full and part-time staff, committed to delivering excellent customer service. The charity's investment in employees' training includes Level 3 in Education and Training, Health and Safety in the Workplace Level 2, Bike Maintenance and PAT testing.

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. In addition to its core staff, the charity enjoys the support of some exceptional volunteers who gave 21,672 hours of their time to support the charity; a value to Emmaus of £169,692, based on the minimum wage hourly rate.

Our Marketing Co-ordinator is contributing to informing supporters and the public generally on the role of Emmaus in enhancing the lives of companions through their living, training and working in the Emmaus community.

The Trustees express their appreciation for the work of all the staff of the charity, including management of the social enterprise, without whom the social enterprise would not be successful. Staff and volunteers, several of whom have suffered long-term unemployment with its accompanying stresses, describe their time in Emmaus as rewarding and, indeed, life-changing.

Acts of Solidarity

Emmaus South Wales' ethos commits us to acts of solidarity and, in the past year, the charity has carried out more solidarity than ever. We have supported Emmaus International's solidarity projects by donating a day's takings from our shops in our 'Solidarity Day Sale'. Our shops donated furniture worth £12,420, delivered by the community van, to local people in need, identified through our links with local housing associations, contributing to reducing social exclusion and poverty in local communities. Emmaus undertake this outreach activity to help the less advantaged in society in a practical way.

Companions' acts of solidarity throughout the year included supporting the Moldova Project, Maesteg's Community Garden Project and regularly donating surplus food to local refuges and hostels.

We are working with local people to receive relevant and appropriate referrals, and increase local participation and raise awareness through our solidarity work. This will assist in maximising occupancy, retaining and developing the Companions we have.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The social enterprise continues to achieve the multiple objectives of demonstrating that Emmaus South Wales is a serious player, saving waste through re-use and recycling, 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 who live and work in a community, recover self-confidence and support both themselves and others in greater need.

**EMMAUS SOUTH WALES
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018**

ACHIEVEMENT AND PERFORMANCE

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. Leaflet drops and talks have been delivered to various companies, bodies and community groups. Our policy is to be "good neighbours". We enjoy good working relations with Bridgend County Borough Council, which administers Housing Benefit.

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

Emmaus South Wales continued to engage with our local communities and in particular focused on educating the next generation about homelessness and Emmaus South Wales as a charity, speaking, this year, to over 650 children aged 9-17 at talks and workshops in schools and clubs in South Wales. 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.

FINANCIAL REVIEW

Financial position and financial performance

In the year to 30 June 2018 Emmaus South Wales incurred a deficit of £167,095 compared with a surplus of £6,993 in the previous year. Note 9 to the accounts on page 22, shows where this substantial deterioration occurred.

The social enterprise made a net contribution of £41,712, a deterioration of £72,182 from £113,894 last year. Social enterprise sales grew in the first half year but declined by some 15% in the second half and have yet to fully recover in the current financial year. Substantial expenditure was incurred to ensure health and safety in our shops. In the community, housing benefit increased with higher numbers of companions, but staffing and overhead expenditure was excessive, resulting in a net deterioration of £37,345. The other substantial overspend was the £75,509 increase in expenditure in the central office costs.

In total, the charity experienced a £78,000 rise in staff costs, with the charity addressing several staffing issues in the year. Costs bore a heavy depreciation charge of £109,872, but with substantially lower capital expenditure of £45,122.

The Trustees, appreciating the seriousness of the situation, initiated action to correct shortcomings in the charity in order to eliminate losses as soon as possible. To strengthen its financial management the charity recruited a part-time, Chartered Certified Accountant as Financial Controller. Central and Community overheads, which had substantially exceeded budgets, are now under control. At the Trustees' invitation, the Chief Executive of BAVO and the Emmaus UK Federation provided valued advice and support to the Trustee Board, both in the Community and social enterprise, resulting in appropriate action being taken, to achieve a rapid and full recovery.

In December, our Chief Executive resigned to pursue a career in training. We wish him well. Emmaus South Wales is fortunate that Tony Ferrier, recently retired as the highly successful Chief Executive of Emmaus St Albans, has joined us to "hold the fort" on a part-time, pro-bono basis, whilst a replacement Chief Executive is recruited.

This year's budget prudently assumed a reduced result with a delayed recovery, but further losses have been experienced in the opening half year. Further action is being taken to eliminate losses, including cost reductions, grant applications, and enhanced performance of the social enterprise.

**EMMAUS SOUTH WALES
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018**

FINANCIAL REVIEW

Working Capital Reserves

The Trustees have reviewed their working capital reserve which they confirm at £100,000. The loss reduced net current assets in the year by £100,643 to £186,512, which is still substantially above the charity's working capital reserve. To maintain the net working capital, repayment of the loan of £43,250 from Emmaus UK has been deferred and is likely to be deferred again at the end of the current financial year.

The Board has reviewed a forecast of the charity's financial results to the end of the 2019 calendar year and confirm their confidence in the charity as a going concern.

FUTURE PLANS

Realising its serious loss-making position, the Board invited proposals from Emmaus UK on a turnaround plan to be implemented and monitored at monthly meetings of both the Board and its Enterprise & Finance Committee. The plan comprises cost reductions and tight budgetary control throughout the charity, coupled with increased income, from Housing Benefit with a full community of Companions, and enhanced effectiveness of shop management, generating higher sales. Grants from our supporting charities are sought to "buy us time" whilst the other measures fully take effect. The Board of Emmaus South Wales, supported by the Federation: Emmaus UK, are fully committed to the long-term success of Emmaus South Wales. Other Emmaus Communities have experienced serious "growth pains" in their early years and have gone on to grow and become highly successful. There is no reason why this should not be true of Emmaus South Wales. The Trustees are very grateful for the full support of Emmaus UK.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The charity 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.

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 Memorandum and Articles of Association. Trustee nominations must be approved by existing Trustees. 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 NCVO Code of Good Governance.

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. Any expenses reclaimed from the charity are set out in the notes to the accounts. None of the trustees has any beneficial interest in the company. The Board of Trustees has again recently reviewed the skills and experience of its members, identifying any gaps requiring recruitment of Trustees to ensure the Board has the strength in depth to create and manage an effective Emmaus Community.

**EMMAUS SOUTH WALES
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Trustee Board is responsible for the strategic direction and policy of the Charity. It has been meeting in Bridgend monthly in the past year to address the financial difficulties faced by the charity.

A delegation framework is in place, with the day to day responsibility for the operations of the Charity resting with the Chief Executive to ensure the charity delivers the activities specified and that key performance indicators are met.

Trustees and staff are members of the Enterprise & Finance Committee. The Board decided to revert to meeting monthly and subsume the work of all other Board Committees into the work of the Trustee Board.

At its November 2018 Meeting, Peter Knapp handed over the role of Chair to Julie Raikes and Jean Fenner as Joint Chairs.

Wider network

Emmaus South Wales is a member of the Emmaus UK Federation which consists of 29 established Communities which offer accommodation to over 750 homeless people. There are also Groups working towards the opening of Communities. Emmaus in the UK is part of the international Emmaus Movement, made up of 330 member groups working in 37 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 (see previous reference above under 'Objectives and Aims'). Emmaus South Wales has trial membership of Emmaus Europe and Emmaus International & affiliate membership of Emmaus UK.

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.

Emmaus South Wales was represented at last year's National Assembly in Coventry. Our staff and Companions attend workshops, briefings and short courses on the strategic direction of Emmaus.

Related parties

Emmaus South Wales is assisted by the Emmaus UK Federation, and the Board greatly appreciates the support received from Emmaus UK, from local organisations such as the Bridgend Association of Voluntary Organisations (BAVO) and Wales Co-operative.

Trustees identify risks to which the charity is exposed and ensure appropriate controls are in place to minimise undue risk and guard against fraud and error.

The Trustees have established a complete portfolio of policies and procedures, which are subject to regular review. This includes a comprehensive risk register, which has been comprehensively revised and is reviewed annually. They seek to minimise the risks which the Charity, its employees, Companions, volunteers and customers might encounter. Internal control risks are minimised by the operation of stock management and cash control systems and the implementation of procedures for authorisation and control of financial transactions. The Charity is committed to effective health and safety risk management in accordance with our 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.

**EMMAUS SOUTH WALES
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT
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 builds up so enabling 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.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

07188459 (England and Wales)

Registered Charity number

1136010

Registered office

6 Caroline Street
Bridgend
CF31 1DQ

The Board and Trustees

P. Knapp (Chair until November 19th 2018)

J. Fenner (Joint Chair from November 19th 2018)

J. Raikes (Appointed on October 9th 2017. Joint Chair from November 19th 2018).

G.E. Cheetham (Vice Chair, resigned November 19th 2017)

M.E. Roberts (Vice Chair)

C.A. Lowry (Company Secretary)

M. Barry

M Major MBE

Revd Dr P. Manghan (Appointed September 17th 2018)

J.A. Noble

P. Tanner (Appointed on October 9th 2017 and resigned on September 17th 2018)

Bank

National Westminster Bank Plc
Bridgend
CF31 1EN

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 Emmaus South Wales in the past year, especially Heidi Bennett, the Chief Executive of BAVO, the Chief Executive and staff of Emmaus UK and to those Trustees, staff and volunteers, who have supported the Emmaus Community home in Bridgend during the year.

**EMMAUS SOUTH WALES
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We remain grateful for the support received in 2017/18 for grants received from The Waterloo Foundation and the Moondance Foundation, who have each contributed over £30,000 towards the costs of running the Community, the Lloyds Bank Foundation continued to contributed £25,000 towards the cost of administration for the charity and the Oak Foundation has also contributed £27,887.

Emmaus UK has provided enhanced support to the Board to restore the profitability of the charity.

And, last but not least, thanks to 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

AUDITORS

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

Approved by order of the board of trustees on 18 February 2019 and signed on its behalf by:

J Fenner - 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 2018 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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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.

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.

Opinion 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.

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

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.

Andrew Lee BSc ACA (Senior Statutory Auditor)
for and on behalf of Graham Paul Limited
(Statutory Auditor)
Court House
Court Road
Bridgend
CF31 1BE

18 February 2019

EMMAUS SOUTH WALES
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	29,786	-	29,786	33,602
Charitable activities	5				
Grants more than £5,000		-	87,504	87,504	81,887
Grants less than £5,000		-	-	-	8,096
Social enterprise		820,858	-	820,858	768,326
Other trading activities	3	102,094	-	102,094	71,446
Investment income	4	237	-	237	102
Total		<u>952,975</u>	<u>87,504</u>	<u>1,040,479</u>	<u>963,459</u>
EXPENDITURE ON					
Raising funds	6	67,802	-	67,802	42,601
Charitable activities	7				
Support Costs		136,885	85,332	222,217	126,039
Finance costs		8,235	-	8,235	11,420
Social enterprise		823,049	56,089	879,138	760,893
Other	9	30,182	-	30,182	15,513
Total		<u>1,066,153</u>	<u>141,421</u>	<u>1,207,574</u>	<u>956,466</u>
NET INCOME/(EXPENDITURE)		<u>(113,178)</u>	<u>(53,917)</u>	<u>(167,095)</u>	<u>6,993</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>285,401</u>	<u>1,198,614</u>	<u>1,484,015</u>	<u>1,477,022</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>172,223</u></u>	<u><u>1,144,697</u></u>	<u><u>1,316,920</u></u>	<u><u>1,484,015</u></u>

EMMAUS SOUTH WALES
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

		Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
	Notes				
FIXED ASSETS					
Tangible assets	14	67,867	1,120,139	1,188,006	1,259,994
CURRENT ASSETS					
Stocks	15	19,441	-	19,441	9,219
Debtors	16	176,632	-	176,632	76,275
Cash at bank and in hand		91,431	24,558	115,989	284,509
		<u>287,504</u>	<u>24,558</u>	<u>312,062</u>	<u>370,003</u>
CREDITORS					
Amounts falling due within one year	17	(125,550)	-	(125,550)	(82,848)
NET CURRENT ASSETS		<u>161,954</u>	<u>24,558</u>	<u>186,512</u>	<u>287,155</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		229,821	1,144,697	1,374,518	1,547,149
CREDITORS					
Amounts falling due after more than one year	18	(42,732)	-	(42,732)	(38,492)
ACCRUALS AND DEFERRED INCOME	21	<u>(14,866)</u>	-	<u>(14,866)</u>	<u>(24,642)</u>
NET ASSETS		<u>172,223</u>	<u>1,144,697</u>	<u>1,316,920</u>	<u>1,484,015</u>
FUNDS	22				
Unrestricted funds				172,223	285,401
Restricted funds				<u>1,144,697</u>	<u>1,198,614</u>
TOTAL FUNDS				<u>1,316,920</u>	<u>1,484,015</u>

EMMAUS SOUTH WALES
STATEMENT OF FINANCIAL POSITION - CONTINUED
AT 30 JUNE 2018

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 18 February 2019 and were signed on its behalf by:

J Fenner -Trustee

J Raikes -Trustee

EMMAUS SOUTH WALES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

		2018 £	2017 £
	Notes		
Cash flows from operating activities:			
Cash generated from operations	1	(129,383)	54,797
Interest paid		(2,118)	(5,647)
Interest element of hire purchase and finance lease rental payments		-	(1,224)
Net cash provided by (used in) operating activities		<u>(131,501)</u>	<u>47,926</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(45,122)	(23,005)
Sale of tangible fixed assets		1,189	-
Interest received		237	102
Net cash provided by (used in) investing activities		<u>(43,696)</u>	<u>(22,903)</u>
Cash flows from financing activities:			
New loans in year		6,677	-
Loan repayments in year		-	(64,462)
Capital repayments in year		-	(5,790)
Net cash provided by (used in) financing activities		<u>6,677</u>	<u>(70,252)</u>
Change in cash and cash equivalents in the reporting period		<u>(168,520)</u>	<u>(45,229)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>284,509</u>	<u>329,738</u>
Cash and cash equivalents at the end of the reporting period		<u>115,989</u>	<u>284,509</u>

EMMAUS SOUTH WALES

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
	2018 £	2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(167,095)	6,993
Adjustments for:		
Depreciation charges	109,872	89,958
Loss on disposal of fixed assets	6,049	1,282
Interest received	(237)	(102)
Interest paid	2,118	5,647
Interest element of hire purchase and finance lease rental payments	-	1,224
Increase in stocks	(10,222)	(3,563)
(Increase)/decrease in debtors	(100,357)	7,490
Increase/(decrease) in creditors	30,489	(54,132)
Net cash provided by (used in) operating activities	<u>(129,383)</u>	<u>54,797</u>

**EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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 charity made losses during the year to 30th June 2018 of £167,095 and has continued to make losses subsequent to the year end. The Trustees have prepared a forecast for 2019, on the basis of which they are confident that Emmaus South Wales can continue as a "going concern" for at least the ensuing year, able to pay its bills when they fall due. The Trustees reasons for saying this are as follows.

The critical requirement for a "going concern" is the adequacy of its 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 serious fire at its Superstore. In the year to 30th June 2018, net current assets fell by £100,643 to £186,512. That fall is significantly less than the level of losses since not all depreciation of its fixed assets, such as its Nant Lais building, requires a cash outlay on replacement. Depreciation was at a high level of £109,872, with some prudent asset write-offs of shop fittings which do not require replacement.

The repayment of the £43,250 loan from Emmaus UK has been deferred and the Trustees are confident that Emmaus UK will agree to further deferment until repayment can be made out of surplus funds.

Action has been taken and continues to reduce losses, by reducing expenditure and increasing income. The control of expenditure is now stringent, which regrettably was not the case in the charity during the previous financial year.

Economies are being made in the staffing of the community and the social enterprise. Any shop which continues to make losses will be closed at the time of its next lease break.

Positive action is being taken to increase shop performance, with increasingly effective managers. House clearance and on-line sales are areas of developing sales growth. More of the workload in the social enterprise is being borne by Companions.

An enhanced level of Housing Benefit and a full community will contribute significantly to increased income. Grants are being sought from charities which have formerly supported Emmaus South Wales and from other charities, to buy time whilst the community is filled and the performance of the social enterprise is raised.

Implementation of the above action will ensure that Emmaus South Wales will continue as a "going concern" for the foreseeable future.

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

1. ACCOUNTING POLICIES - continued

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.

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.

During the year, the directors reviewed the depreciation policy of the motor vehicles and changed the policy from depreciating at a rate of 25% to 40% on a reducing balance basis.

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.

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

1. ACCOUNTING POLICIES - continued

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.

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

	2018 £	2017 £
Donations (Inc. Gift Aid)	<u>29,786</u>	<u>33,602</u>

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

3. OTHER TRADING ACTIVITIES

	2018 £	2017 £
Shop income - purchased goods	83,165	58,939
Recycling income	16,552	10,386
Other income	2,377	2,121
	<u>102,094</u>	<u>71,446</u>

4. INVESTMENT INCOME

	2018 £	2017 £
Interest received	<u>237</u>	<u>102</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2018 £	2017 £
Grants	Grants more than £5,000	87,504	81,887
Grants	Grants less than £5,000	-	8,096
Fundraising	Social enterprise	820,858	768,326
		<u>908,362</u>	<u>858,309</u>

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

	2018 £	2017 £
Grants less than £5,000.	-	8,096
Lloyds TSB	25,000	24,000
OAK Foundation	12,504	27,887
Moondance	30,000	30,000
Waterloo Foundation	20,000	-
	<u>87,504</u>	<u>89,983</u>

6. RAISING FUNDS

Other trading activities

	2018 £	2017 £
Purchases	<u>67,802</u>	<u>42,601</u>

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 8)	Totals
	£	£	£
Support Costs	-	222,217	222,217
Social enterprise	879,138	-	879,138
Finance costs	-	8,235	8,235
	<u>879,138</u>	<u>230,452</u>	<u>1,109,590</u>

8. SUPPORT COSTS

	Management	Finance	Governance costs	Totals
	£	£	£	£
Other resources expended	-	-	30,182	30,182
Support Costs	222,217	-	-	222,217
Finance costs	-	8,235	-	8,235
	<u>222,217</u>	<u>8,235</u>	<u>30,182</u>	<u>260,634</u>

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

9. OTHER

ANALYSIS OF INCOME AND EXPENDITURE

2018

		Social Enterprise - Shop Donated	Social Enterprise - ShopOther	Community	Fundraising	Central	Total
	£	£	£	£	£	£	
Total income		687,834	999,998	197,861	29,786	25,000	1,040,479
Total costs		<u>608,697</u>	<u>137,423</u>	<u>298,603</u>	<u>6,000</u>	<u>156,851</u>	<u>1,207,574</u>
Net surplus / (deficit)		<u>79,137</u>	<u>(37,425)</u>	<u>(100,472)</u>	<u>23,786</u>	<u>(131,851)</u>	<u>(167,095)</u>

2017 Comparative

		Social Enterprise - Shop Donated	Social Enterprise - ShopOther	Community	Fundraising	Central	Total
	£	£	£	£	£	£	
Total income		724,641	69,210	125,770	19,250	24,588	963,549
Total costs		<u>581,432</u>	<u>98,525</u>	<u>189,167</u>	<u>240</u>	<u>87,102</u>	<u>956,466</u>
Net surplus / (deficit)		<u>143,209</u>	<u>(29,315)</u>	<u>(63,397)</u>	<u>19,010</u>	<u>(62,514)</u>	<u>6,993</u>

Basis of allocation

Income

Social Enterprise income represents income from shops through sales of donated and new goods.

Community income represents income from housing benefit.

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.

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:

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

9. OTHER - continued

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

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.

Social Enterprise represents income from shops through sales of donated and new goods.

Community represents income from housing benefit received from Bridgend County Borough Council.

Governance represents income from bank interest and other income generated from house clearances.

Fundraising represents income from grants, donations,

10. NET INCOME/(EXPENDITURE)

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

	2018	2017
	£	£
Auditors' remuneration	4,043	3,975
Other non-audit services	3,140	1,175
Depreciation - owned assets	109,872	88,278
Depreciation - assets on hire purchase contracts and finance leases	-	1,678
Other operating leases	148,642	148,875
Deficit on disposal of fixed asset	<u>6,049</u>	<u>1,282</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 June 2018 nor for the year ended 30 June 2017.

Trustees' expenses

	2018	2017
	£	£
Trustees' expenses	<u>2,690</u>	<u>2,481</u>

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

12. STAFF COSTS

	2018 £	2017 £
Wages and salaries	448,433	382,311
Social security costs	31,639	23,604
Other pension costs	10,150	6,725
	<u>490,222</u>	<u>412,640</u>

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

	2018	2017
Administration	3	2
Community	2	2
Social Enterprise	21	21
	<u>26</u>	<u>25</u>

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

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	33,602	-	33,602
Charitable activities			
Grants more than £5,000	-	81,887	81,887
Grants less than £5,000	3,603	4,493	8,096
Social enterprise	768,326	-	768,326
Other trading activities	71,446	-	71,446
Investment income	102	-	102
Total	<u>877,079</u>	<u>86,380</u>	<u>963,459</u>
EXPENDITURE ON			
Raising funds	42,601	-	42,601
Charitable activities			
Support Costs	126,039	-	126,039
Finance costs	11,420	-	11,420
Social enterprise	625,302	135,591	760,893
Other	15,513	-	15,513
Total	<u>820,875</u>	<u>135,591</u>	<u>956,466</u>
NET INCOME/(EXPENDITURE)	<u>56,204</u>	<u>(49,211)</u>	<u>6,993</u>

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Total funds £
RECONCILIATION OF FUNDS			
Total funds brought forward	229,197	1,247,825	1,477,022
TOTAL FUNDS CARRIED FORWARD	<u>285,401</u>	<u>1,198,614</u>	<u>1,484,015</u>

The classification of comparatives have been amended in the Statement of Financial Activities in line with current year analysis.

14. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 July 2017	1,254,757	164,863	45,359	7,265	1,472,244
Additions	-	22,734	14,750	7,638	45,122
Disposals	-	-	(19,275)	(2,392)	(21,667)
At 30 June 2018	<u>1,254,757</u>	<u>187,597</u>	<u>40,834</u>	<u>12,511</u>	<u>1,495,699</u>
DEPRECIATION					
At 1 July 2017	80,771	103,832	24,035	3,612	212,250
Charge for year	53,847	39,410	14,430	2,185	109,872
Eliminated on disposal	-	-	(12,702)	(1,727)	(14,429)
At 30 June 2018	<u>134,618</u>	<u>143,242</u>	<u>25,763</u>	<u>4,070</u>	<u>307,693</u>
NET BOOK VALUE					
At 30 June 2018	<u>1,120,139</u>	<u>44,355</u>	<u>15,071</u>	<u>8,441</u>	<u>1,188,006</u>
At 30 June 2017	<u>1,173,986</u>	<u>61,031</u>	<u>21,324</u>	<u>3,653</u>	<u>1,259,994</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 22 for further details.

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

14. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Motor vehicles £
COST	
At 1 July 2017	17,755
Transfer to ownership	(17,755)
At 30 June 2018	-
DEPRECIATION	
At 1 July 2017	12,723
Transfer to ownership	(12,723)
At 30 June 2018	-
NET BOOK VALUE	
At 30 June 2018	-
At 30 June 2017	<u>5,032</u>

15. STOCKS

	2018 £	2017 £
Stocks	<u>19,441</u>	<u>9,219</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	-	-
Other debtors	81,393	40,680
Gift Aid debtors	31,635	22,741
VAT	17,830	8,580
Prepayments	45,774	4,274
	<u>176,632</u>	<u>76,275</u>

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Other loans (see note 19)	2,437	-
Trade creditors	49,358	2,652
Social security and other taxes	7,342	7,792
Other creditors	66,413	72,404
	<u>125,550</u>	<u>82,848</u>

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

	2018	2017
	£	£
Other loans (see note 19)	<u>42,732</u>	<u>38,492</u>

19. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year on demand:		
Carbon Trust Loan	<u>2,437</u>	<u>-</u>
Amounts falling between one and two years:		
Emmaus UK loan	40,802	38,492
Carbon Trust Loan	1,930	-
	<u>42,732</u>	<u>38,492</u>

20. LEASING AGREEMENTS

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

	2018	2017
	£	£
Within one year	117,050	119,217
Between one and five years	187,250	107,883
	<u>304,300</u>	<u>227,100</u>

21. ACCRUALS AND DEFERRED INCOME

	2018	2017
	£	£
Accruals and deferred income	<u>14,866</u>	<u>24,642</u>

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

22. MOVEMENT IN FUNDS

	At 1.7.17 £	Net movement in funds £	At 30.6.18 £
Unrestricted funds			
General fund	285,401	(113,178)	172,223
Restricted funds			
Oak Foundation	(2,688)	2,688	-
Lloyds TSB	2,758	(2,758)	-
Nant Lais	1,193,978	(53,847)	1,140,131
Moondance	73	-	73
Shaw Trust	4,493	-	4,493
	<u>1,198,614</u>	<u>(53,917)</u>	<u>1,144,697</u>
TOTAL FUNDS	<u>1,484,015</u>	<u>(167,095)</u>	<u>1,316,920</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	952,975	(1,066,153)	(113,178)
Restricted funds			
Oak Foundation	12,504	(9,816)	2,688
Lloyds TSB	25,000	(27,758)	(2,758)
Moondance	30,000	(30,000)	-
Waterloo Foundation	20,000	(20,000)	-
Nant Lais	-	(53,847)	(53,847)
	<u>87,504</u>	<u>(141,421)</u>	<u>(53,917)</u>
TOTAL FUNDS	<u>1,040,479</u>	<u>(1,207,574)</u>	<u>(167,095)</u>

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

22. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.7.16 £	Net movement in funds £	At 30.6.17 £
Unrestricted Funds			
General fund	229,197	56,204	285,401
Restricted Funds			
Oak Foundation	-	(2,688)	(2,688)
Lloyds TSB	-	2,758	2,758
Nant Lais	1,247,825	(53,847)	1,193,978
Moondance	-	73	73
Shaw Trust	-	4,493	4,493
	<u>1,247,825</u>	<u>(49,211)</u>	<u>1,198,614</u>
TOTAL FUNDS	<u>1,477,022</u>	<u>6,993</u>	<u>1,484,015</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	877,079	(820,875)	56,204
Restricted funds			
Oak Foundation	27,887	(30,575)	(2,688)
Lloyds TSB	24,000	(21,242)	2,758
Nant Lais	-	(53,847)	(53,847)
Moondance	30,000	(29,927)	73
Shaw Trust	4,493	-	4,493
	<u>86,380</u>	<u>(135,591)</u>	<u>(49,211)</u>
TOTAL FUNDS	<u>963,459</u>	<u>(956,466)</u>	<u>6,993</u>

EMMAUS SOUTH WALES
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2018

22. MOVEMENT IN FUNDS - continued

Restricted funds:-

<u>Funder</u>	<u>Purpose</u>	<u>In Year (£)</u>	<u>Total to date (£)</u>	<u>Maximum Value(£)</u>
Lloyds TSB	Finance & Administrator's wages & associated costs	25,000	72,000	72,000
Oak Foundation	Business manager wages & associated costs	12,504	148,796	148,796
Moondance Foundation	Community manager wages & associated costs	30,000	90,000	90,000
Nant Lais	Development of Community Home			
	Welsh Assembly	-	500,000	500,000
	The Big Lottery	-	425,000	425,000
	Emmaus Appeal	-	136,344	136,344
	Other Nant Lais donors	-	178,404	178,404
Waterloo	Contribution to community costs	20,000	20,000	20,000

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.

23. 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.

24. RELATED PARTY DISCLOSURES

The charity made sales to and purchases from Emmaus UK of £Nil and £4,365 respectively (2017: £3,257 and £1,818 respectively) during the year .

At the year end the charity owed £43,250 (2017: £43,250) in respect of a loan. This loan shows in the balance sheet as £40,802 (2017: £38,492) representing the total loan less deemed interest to be charged to the Statement of Financial Activities in future periods.

25. COMPANY LIMITED BY GUARANTEE

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.