

Charity Registration No. 1136010

Company Registration No. 07188459 (England and Wales)

EMMAUS SOUTH WALES
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021



EMMAUS SOUTH WALES

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EMMAUS SOUTH WALES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 JUNE 2021

The trustees present their report and financial statements for the year ended 30 June 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "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 2019)".

Objectives and activities

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

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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.
- 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 continued to have a profound impact on all of us, still touching every aspect of our lives. The policy of 'Everyone in' was successful in ensuring rough sleeping was a rare event and for those of us involved in the sector a somewhat astonishing and yet wonderful sight. There was a feeling that when society can, it will, with a hope that this approach could be extended beyond the threat of Covid. However, whilst we must fight to hold on to the potential this solution brought, it was just a sticking plaster and 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. Furthermore, ever escalating property prices places pressure on the supply of available properties for rent and pushes rents beyond reach for ever greater numbers of people. With the end of Government support like the Job Retention Scheme, restricted evictions and additional Universal Credit payments, and the added increases in utilities and food costs, a more serious eviction crisis is brewing. Emmaus is bracing itself for a rise of homelessness when its communities will be needed more than ever.

Approach to achieving charitable objects The Emmaus 'theory of change' is to provide a supportive community, purpose and meaningful activity in our social enterprises each week, and opportunities to develop and contribute alongside training and support for those who are marginalised and excluded, including those experiencing homelessness. By working together alongside staff and volunteers in our community and enterprises, Companions gain new skills and experience and, most importantly, regain self-respect, esteem and purpose whilst working to support others in greater need than themselves. Emmaus South Wales can currently support 24 Companions. Companions are provided with a package of support and accommodation, including financial support, as Companions do not claim out of work benefits such as Universal Credit. Emmaus communities strive to be self-financing, which is why social enterprise is integral to our model and way of working. This grants us all, including companions autonomy in achieving our aims. It also affords us the opportunity to demonstrate in practice that a different model of life is possible, one that is based on the sharing rather than the accumulation of resources, and where everybody contributes, and everybody gains.

EMMAUS SOUTH WALES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

What support does Emmaus offer? Emmaus provides an opportunity for companions to break free from the cycle of insecure, unsustainable, unaffordable housing and its attendant impacts on the quality of life, health, and wellbeing. The impact of fighting a losing battle against poverty and exclusion, and of homelessness can be soul-destroying, leaving you feeling worthless. 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 and 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 is not about offering a bed for the night but offering a home for as long as it is needed, as well as purpose and meaningful work through our social enterprises. This opportunity, to become part of a community and make a contribution to it, plays an important role in restoring well-being and helping companions to find a way to overcome the barriers to inclusion in the long term.

Emmaus enables companions to rebuild their lives within self-supporting Communities. Companions receive support to re-equip themselves with the skills and capacity needed to secure and sustain independent homes and to live happy and healthy lives. Our Companions are given the opportunity to take stock of their lives, understand and address the barriers they face, and re-establish supportive networks of friends and family. 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 to Emmaus South Wales or be referred by the local authority or 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 primary welfare benefits on joining Emmaus and contribute full-time in their community's social enterprise. Emmaus provides substantial "public benefit" by reducing reliance on the public purse, and, by savings, as a result of reduced use of public services as a result of improved health, wellbeing and the removal of economic barriers to inclusion.

The Community

Our Community home on a two-acre site at Nant Lais, Bridgend provides a home for up to 24 companions. The charity has created a Community where people live and work, recover self-confidence and support both themselves and others. The entitlement to Housing Benefit meets the costs of providing supported accommodation to most companions. We provide a high standard of accommodation for companions, in addition to a comprehensive package of practical, emotional, and financial support. 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.

We provide an inclusive and diverse community. Our Companions come from all parts of the United Kingdom with ages ranging from 20 to 70. They come from diverse backgrounds and experiences, however, they have all experienced homelessness. The effects of poverty, exclusion and homelessness mean that many companions have experienced significant harm and repeated trauma for which they may not previously have received support. This can result in additional challenges such as poor mental health, addiction, difficulty maintaining relationships, or challenging behaviour. Others have simply lost hope following the loss of loved ones, a job, their home, and their purpose.

EMMAUS SOUTH WALES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

The Community team provide support for Companions in dealing with the impact of their experiences including supporting them to access specialist services, where beneficial. The team also support companions to live together successfully and to create a mutually supportive and accepting environment. Our focus has been to build a safe and stable Community with a real "sense of Community".

Public Benefit

As set out above all our charitable activities are undertaken to further our charitable purposes for the Public Benefit. The Trustees have referred to the guidance contained in the Charity Commission's 'Charities and Public Benefit' general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

Achievements and performance

The year to June 2021 was almost completely overtaken by Covid-19 with uncertainty, inconsistency and a nervous approach to everything we undertook. The lack of ability to trade for most of the year, the need to restrict movement to ensure we kept those in our Community safe and the challenges brought by lack of income made it a very difficult year for Emmaus South Wales, as it did for many charities.

The Companions in Nant Lais were one (very large) household when Wales went into lockdown on 23rd March 2020. The lockdown rules, combined with the 'Everyone in' initiative meant that we experienced limitations in our ability to accept new referrals for much of the year, though we did see some companions move on in between lockdowns, leaving our Companion numbers relatively low at the end of the year. Companions continued to manage their situation very well with morale within the Community remaining very positive throughout. At the time of writing, we have had no suspected or confirmed cases of Covid within our Community or Enterprise.

When someone comes to Emmaus, we give them the opportunity to learn new skills by working in our shops or through 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. We used the periods of lockdown to support companions to undertake additional training, alongside developing new skills and to try out some new activities.

Despite the challenges, Emmaus South Wales has sought to embrace new opportunities whilst managing our shops when able. Companions continued with projects commenced at the start of lockdown:

- Using donated clothing and fabrics, the Community made washable and sustainable, three-layer face masks entirely from donated materials.
- The improvements in the appearance of our two-acre site at Nant Lais was maintained and the garden further developed, with the allotment area helping to provide fresh, healthy food for the Companions.
- "Rainbow Packs": entertainment packs worth between £30 – £150, consisting of age specific items such as games, books, puzzles, and gaming consoles, for local households to 'borrow' free of charge (or for a voluntary donation)

During the year new opportunities arose presenting some exciting opportunities for Emmaus South Wales and for our Companions.

- We were successful in our bid to operate the new Porthcawl Land Train This was a very new project and despite it being a new area of enterprise for us, the desire to offer our Companions diverse roles, the opportunity to promote the Charity and the desire to operate this as part of supporting formerly homeless people satisfied Bridgend County Borough Council of our commitment to a successful project. Although we had some challenges and didn't manage to get it running until the new financial year its success at the time of writing has been wonderful, both in terms of popularity (and therefore financial success) and for our Companions who find it fun, rewarding and enjoyable work.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

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- Tip projects. Awarded the Tip shop at the Maesteg refuse site and at the new site being built at Pyle. This provides an opportunity for people to buy products which are still of use which would otherwise have gone into landfill whilst at the same time providing work for our Companions and an additional income for the Charity.

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 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. 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, with feedback from the meeting being shared with the Board.

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, and 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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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

"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 were positive move-ons including moving into full-time employment or transferring to another Emmaus Community. It is all illustrative of the fulfilment of the charity's primary purpose.

The Social Enterprise

Emmaus South Wales financial year to 30 June 2021 was a hugely challenging one for the social enterprise. Up to commencement of the Covid lock-down on 23 March 2020, trading was conducted from our five shops at Tremains Road and Caroline Street, Bridgend, Maesteg, Porthcawl and Cowbridge. For most of the year our shops continued to remain closed or operating at a significantly reduced level. Challenges with some shop premises identified during lockdown restricted re-opening.

Total trading income in 2021 was £192,713 (2020: £377,738). Our Tremains Road and Caroline Street stores were only able to open for 8 months of the year and we were only able to open our Porthcawl store for 2 months before the third lockdown was declared. We were unable to open our Maesteg store at all and the difficult decision was made to permanently close our Cowbridge store. Shops continued to be closed or severely restricted, however, the Government grants covering Business Rates and the Job Retention Scheme enabled us to retain our valuable staff whilst unable to work, and the reduction in operating costs made a significant, positive improvement to the Charity's finances. We were in the fortunate position to be able to cover the trading losses with insurance claims, £154,990 and secured grant income to meet core costs £121,867. This meant that the Social Enterprise delivered a surplus of £141,449 in 2021.

An Emmaus social enterprise creates work and training opportunities for Companions, staff, and volunteers. Its dual purposes are to generate the funds to meet Charitable costs, and to provide purpose and meaningful opportunities for Companions to rebuild their self-esteem and to make a contribution.

At the time of writing, the Board and Management Team are rethinking the charity's strategy for the coming five years. We have agreed the following aims for the next 5 years:

- To develop, strengthen and grow our community
- To deliver great sustainable retail
- To diversify our trading and develop new enterprises
- To demonstrate solidarity in action
- To be sustainable

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 days takings from our shops in our 'Solidarity Day Sale'. Our shops donated £2,175 worth of furniture and other items, delivered by the community's van to support local people in need, identified through our links with local housing associations. In total, 10 beds, 19 wardrobes, 9 dining tables and chairs, 11 sofas, 2 tv units and 4 homeware packs were provided. We undertake these activities to help tackle poverty and disadvantage in our local communities.

The Management Team

We are extremely grateful to our Senior Management Team who have not only kept the organisation running over the past year but have also continued to develop and expand our work and deliver support to Companions. Our Senior Team have continued to effectively respond to every challenge thrown at them this year:

Our CEO, Jemma Wray, has led from the front securing significant grant funding to ensure our survival in the face of the closure of much of our trading activity. She has guided the Board through the development of a new Strategic Plan for the organisation, and in reaching important decisions about how we continue to adapt our support for Companions to deliver improved outcomes, including the remodelling of our accommodation offer for Companions to provide long term tenancy options.

EMMAUS SOUTH WALES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Nicola Alsept, our Finance Manager has excelled herself this year in the face of a rapidly developing and changing financial climate. Nicola's outstanding work resulted in successful claims under our Business Interruption Insurance contributing significantly to the Charity's survival, and Nicola has shouldered a significant amount of work in ensuring that the Charity is in a strong position to raise the loan financing required to adapt our accommodation model over the coming year.

Our Head of Retail Marc Roberts has led our Enterprises through the most difficult trading year to date, with long periods of closure to our retail operations. Our trading has been impacted this year both by the Covid pandemic, and by the increasingly noticeable impacts of Brexit, such as the increasing labour shortage in key areas such as drivers. Marc has led developments in our online trading activities, including the development of new platforms which has seen our income from online sales grow significantly this year, as well as playing a vital role in the launching of Lucie our Land Train.

We said goodbye to our interim Community Manager, Eugene Rourke, after almost 2 years in what was initially a temporary 6-month post. We're extremely grateful to Eugene for leading the Companions and Community through the darkest days of the pandemic, keeping everyone safe, well and meaningfully occupied.

We were thrilled to welcome Claire Gore to the team in April, taking up the permanent position of Accommodation and Support Manager, replacing Eugene. Claire brings considerable experience in the delivery of supported housing, and in working with vulnerable client groups. Claire's level head and calm approach have been greatly appreciated and have enabled her to build effective professional relationships with our Companions very quickly. Claire has already made great progress with the backlog of maintenance at Nant Lais, including the replacement of the roof, allowing us to bring additional rooms back into use, alongside beginning to develop a team of volunteers working to support our residential community.

Staff and Volunteers

The past year has been a difficult one for our staff and volunteers. Most of the Enterprise Team have had substantive periods on furlough, a challenge for them, but also for the staff managing an increased workload in their absence. Our thanks go to Companion Support Worker, Steve Pullen, who alongside the Senior Management Team has been the only other member of staff in work continuously throughout the pandemic. Supporting and occupying Companions throughout prolonged periods of closure has been a significant challenge, and the intensity of support needed as a result has only been possible with Steve's continued presence.

Our store teams have been challenged this year with the closure and re-openings of our stores, and with implementing a range of measures to keep our companions, volunteers, and customers safe in our stores. Staff have taken the opportunity to re-organise and layout our stores to aid customer flow, along with implementing measures such as the 'quarantining' of donated goods. We have said goodbye to a number of store managers this year and welcomed new members to the team in all stores. We have implemented new induction procedures and put in place a comprehensive package of training to support all our staff in their ongoing development. The challenges of re-opening stores has meant a slow return for many of our volunteers, whilst others have moved on to new opportunities. Our store managers are rebuilding their teams of volunteers, without whom we would not be able to do all that we do. We have put in place new training and support for our volunteers and send our heartfelt thanks to each and every one of them for their contribution and commitment to Emmaus.

Financial review

The total income for the year ending 30 June 2021 was £786,666, £138,075 lower than the previous year. Trading income was £185,024 lower than the previous year, and £553,253 lower than the last 'pre Covid' year in 2019. Grant income in the year was £295,877 (£70,197 lower than in 2020), but another year where we received exceptional support from government and other funders. We were fortunate to be able to make insurance claims for each lockdown to cover trading losses, these amounted to £154,990 for the 3 lockdown periods since the first lockdown in 2020. The claim for the first lockdown, received in March 2021 amounted to £65,636 and covered the period March 2020 to June 2020.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Total expenditure of £680,416, was £187,002, some 22%, lower than in the previous year. A surplus of £106,250 was thereby achieved in the year, an improvement of £48,927 over the previous year.

With sizeable depreciation charges of £53,259 and minimal capital expenditure, and the benefit of a Bounce back loan of £50,000, the Net Surplus of £106,250 resulted in an increase, in the year, of Net Current Assets by £217,434 to £453,926 with a bank balance at the year-end of £493,478. Emmaus UK has again agreed to defer the repayment of its loan of £43,250. Whilst the cash position at the end of 2021 is very positive, there are a number of significant activities/capital spends taking place in the 2021/22 financial year, some of which were planned to take place before the end of the 2021 financial year. For this reason, the Trustees have decided to include some designated funds in this year's accounts. The roof at our Community House was badly in need of significant improvement work, this work was completed in August 2021 at a cost of £44,016. Our appointment as the operator of the Porthcawl Land Train saw us spend a total of £68,000 to purchase the Train, this will therefore be included as designated funds in this year's accounts. A total designated fund of £112,016.

2021/2022 will be another difficult trading year as we recover from the effects of the pandemic, launch our Land Train, and expand our property portfolio. Although we are forecasting a small deficit during the 2021/22 financial year we 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 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 each 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 £291,000 in the year from: Homeless Link £91,300, WCVA Resilience Fund £37,500 The Hodge Foundation £25,000, The Lloyds Bank Foundation £24,000, and from the Government to cover rates £80,000 and to furlough staff whilst shops were closed £33,000. This support has been vital in enabling us to continue to support companions throughout the crisis. Our funders have provided funds to meet direct Companion costs, to support salaries in both the community and central teams, and to enable us to meet ongoing core liabilities such as utilities. 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 Board still judges that a total net working capital of £100,000 in unrestricted and restricted funds, is adequate to enable Emmaus South Wales to survive a calamity. The incredible support we have received since the onset of Covid-19 means that the accounts for the financial year show a dramatic improvement. The Net Current Assets increased in the year by £217,434 to £453,926 with a bank balance at 30 June 2021 of £493,478, an increase in the year of £197,682. In November 2021, 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 31 December 2022, as a 'going concern'.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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. Due to the ongoing risks of the pandemic the Board continued to meet monthly, online.

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

Other sub-committees ceased with the need for all Board members to have oversight of the challenges being faced. At the time of writing new Sub-committees in Health & Safety, Human Resources (HR) and Audit & Risk are being formed with a mix of Trustees and Staff, enabling the specific skills of Board members to be utilised, particularly in supporting the new Business Plan currently being finalised. HR advice has continued to be provided to all Emmaus Communities by the HR Consultancy: Roots HR and Emmaus South Wales have sought their support during the year when appropriate. Marketing and Digital Communications support continues to be provided to Emmaus South Wales by Emmaus UK and our appreciation is recorded for the significant service provided during the year. In addition, Emmaus South Wales benefitted from a full Health & Safety Audit through Ellis Whittam and is working through the recommendations made.

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

Reviewing Strategy and formulating a Business Plan has been particularly challenging during the year. The uncertainty, lack of comparative circumstances, constant changes, and a number of new opportunities along with the considerable additional effort needed by Staff and Trustees just to keep going has made looking forward and planning difficult. During the year separate hubs of strategic planning were achieved with Trustees and some staff taking time to consider our long-term strategy but the valuable collective discussions were unable to be completed. The draft Strategic plan is currently being developed into a Business plan with responsibilities allocated and it is intended that this be a key focus of the year to June 2022. 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 set ambitious aims for its future provision to those in greatest need, including expanding our accommodation offer for Companions, and developing non-residential Companion options.

Renting Homes (Wales) Act 2016. The Act, which comes fully into effect next spring, has been a significant consideration for the Charity with a sub-committee being established to plan and manage the changes required. This Act is probably the most significant change to the Emmaus structure during our existence, as it requires us to change the way we currently provide accommodation for Companions.

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FOR THE YEAR ENDED 30 JUNE 2021

However, Emmaus South Wales see this as an opportunity to provide Companions with better long-term options and outcomes by providing a long term home of their own. Providing houses for Companions within the local area means they can continue to be supported by the Charity and working within our enterprise. This is a positive step forward whilst bringing significant change, some challenges, as well as the need to raise additional finance for the purchase of houses.

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 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, which are regularly reviewed. These include:

- Equality and Inclusion Policy
- Data Protection Policies
- Health and Safety Policies and procedures
- Complaints Policy
- Whistleblowing Policy
- Internal Financial Controls policy
- Safeguarding Policy
- Staff and Trustee Codes of Conduct

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 continues to review the skills and experience of its members. During the year an additional Trustee was recruited and at the time of writing recruitment of two further Trustees has been confirmed. This continues to strengthen the Board's expertise and skills base. The Board recognise that a proper Recruitment, Induction and Training programme is important to ensure the ongoing strength of the Board.

Each potential Trustee is interviewed by at least two Trustees, briefed about the Community, the History of Emmaus, their legal and ethical responsibilities and provided with the NCVO Code of Good Governance.

Once Board approval is confirmed Induction and training takes the form of attendance at Board Meetings and its Committees, a visit to Nant Lais, our Community home, escorted visits to other neighbouring Emmaus Communities, attending the Emmaus UK Federation Induction Day, 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 has full membership of Emmaus UK, Emmaus Europe and Emmaus International.

EMMAUS SOUTH WALES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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.

Related parties

Emmaus South Wales is assisted by the Emmaus UK Federation. Under Emmaus UK's Chief Executive, Simon Grainge (who stepped down in July 2021), 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 and during the year Ellis Whittam provided a full Health & Safety audit enabling us to commence improvements through their recommendations.

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 John Noble, who retired in the past year. John has been a significant part of Emmaus South Wales to the extent his commitment has enabled us to continue during some very challenging times. John's knowledge of Emmaus and running Emmaus communities has been invaluable and, recognising this the Board invited John to be our Honorary President, which we are pleased to confirm was accepted.

Our sincere thanks also go to Mark Roberts, Peter Knapp and Bethan Jackson who, due to personal reasons also took the difficult decision to step down from the Board. Their input during their time with Emmaus South Wales is greatly appreciated.

We are immensely grateful for the generous support, at a time of crisis, from: The Lloyds Bank Foundation, The Hodge Foundation, The Waterloo Foundation, WCVA, Homeless Link, Albert Hunt Trust 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!

EMMAUS SOUTH WALES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Funds held as custodian trustee

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


TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Reference and administrative details

Registered charity name	Emmaus South Wales
Charity number	1136010
Company registration number	07188459
Registered office	6 Caroline Street Bridgend CF31 1DQ
Trustees	J Raikes (Chair) E-W Francis (Treasurer) C A Lowry (Hon Secretary) L Arcos T V Eades E S Hammonds E Venables - Appointed 28th June 2021 P Knapp - Resigned November 2020 J A Noble - Resigned February 2021 B Jackson - Resigned June 2021 M E Roberts - Resigned June 2021
Secretary	C A Lowry
Chief Executive	J Wray
Independent Examiners	Azets Audit Services Chartered Accountants and Statutory Auditors Ty Derw, Lime Tree Court Cardiff Business Park Cardiff CF23 8AB

The trustees' report was approved by the Board of Trustees.


.....
Mr E Francis
Trustee
Dated: 29/11/2021


.....
J A Raikes
Trustee
Dated: 29/11/2021

EMMAUS SOUTH WALES

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF EMMAUS SOUTH WALES

I report to the trustees on my examination of the financial statements of Emmaus South Wales (the charity) for the year ended 30 June 2021.

Responsibilities and basis of report

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

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

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

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

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

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



Sarah Case FCA DChA
Azets Audit Services
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB
United Kingdom

Dated: 09-12-2021

EMMAUS SOUTH WALES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
<u>Income and endowments from:</u>							
Donations and legacies	3	34,394	-	34,394	24,953	-	24,953
Charitable activities	4	353,058	210,704	563,762	635,998	207,015	843,013
Other trading activities	5	33,116	-	33,116	56,493	-	56,493
Investments	6	404	-	404	282	-	282
Other income	7	154,990	-	154,990	-	-	-
Total income		575,962	210,704	786,666	717,726	207,015	924,741
<u>Expenditure on:</u>							
Raising funds	8	6,270	-	6,270	24,049	-	24,049
Charitable activities	9	351,048	318,222	669,270	659,617	182,478	842,095
Other	14	4,876	-	4,876	1,274	-	1,274
Total resources expended		362,194	318,222	680,416	684,940	182,478	867,418
Net incoming/ (outgoing) resources before transfers		213,768	(107,518)	106,250	32,786	24,537	57,323
Gross transfers between funds		36,063	(36,063)	-	-	-	-
Net income/(expenditure) for the year/ Net movement in funds		249,831	(143,581)	106,250	32,786	24,537	57,323
Fund balances at 1 July 2020		66,530	1,115,387	1,181,917	33,744	1,090,850	1,124,594
Fund balances at 30 June 2021		316,361	971,806	1,288,167	66,530	1,115,387	1,181,917

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

EMMAUS SOUTH WALES

BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	15		983,782		1,038,750
Current assets					
Stocks	16	2,257		2,968	
Debtors	17	75,897		64,144	
Cash at bank and in hand		493,478		295,796	
		571,632		362,908	
Creditors: amounts falling due within one year	18	(117,706)		(126,416)	
Net current assets			453,926		236,492
Total assets less current liabilities			1,437,708		1,275,242
Creditors: amounts falling due after more than one year	20		(149,541)		(93,325)
Net assets			1,288,167		1,181,917
Income funds					
Restricted funds	22		971,806		1,115,387
<u>Unrestricted funds</u>					
Designated funds	23	112,016		-	
General unrestricted funds		204,345		66,530	
			316,361		66,530
			1,288,167		1,181,917

EMMAUS SOUTH WALES

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2021

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 30 June 2021.

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

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 29 November 2021



Mr E Francis
Trustee



J A Raikes
Trustee

Company Registration No. 07188459

EMMAUS SOUTH WALES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	27		137,945		136,471
Investing activities					
Purchase of tangible fixed assets		(3,167)		(7,464)	
Proceeds on disposal of tangible fixed assets		-		417	
Investment income received		404		282	
Net cash used in investing activities			(2,763)		(6,765)
Financing activities					
Proceeds from borrowings		62,500		-	
Net cash generated from/(used in) financing activities			62,500		-
Net increase in cash and cash equivalents			197,682		129,706
Cash and cash equivalents at beginning of year			295,796		166,090
Cash and cash equivalents at end of year			493,478		295,796

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Charity information

Emmaus South Wales is a private company limited by guarantee incorporated in England and Wales. The registered office is 6 Caroline Street, Bridgend, CF31 1DQ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Grants receivable are treated in different ways dependent upon their purposes and the terms of the grant.

Grants receivable for the specific purpose of purchasing fixed assets for the continued use of the charity are treated as restricted funds. The restricted fund is then reduced by amounts equivalent to the depreciation charges on the assets concerned and will continue to do so over the expected useful lives of the assets concerned.

Grants receivable for specific purposes are also treated as restricted funds so that any unused funds can be separately identified.

Grants receivable to facilitate the general running of the charity for example where the trustees can choose how the funds are expended, are treated as unrestricted funds.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Social enterprise income is recognised in the period in which the service relates to.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report and their associated support costs.

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

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% - 20% straight line
Fixtures and fittings	20% straight line
IT Equipment	20% straight line
Motor vehicles	40% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.14 Taxation

As a registered charity, Emmaus South Wales is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Donations and gifts	29,394	24,953
Legacies receivable	5,000	-
	<u>34,394</u>	<u>24,953</u>

4 Charitable activities

	2021	2020
	£	£
Social Enterprise	267,885	476,939
Grants	295,877	366,074
	<u>563,762</u>	<u>843,013</u>
Analysis by fund		
Unrestricted funds	353,058	635,998
Restricted funds	210,704	207,015
	<u>563,762</u>	<u>843,013</u>

Grants

Lloyds Bank Foundation	24,000	23,000
Hodge Foundation	25,000	25,000
Welsh Council for Voluntary Action	37,500	106,607
Fareshare	-	3,809
Welsh Government	80,000	125,000
The Souter Charitable Trust	-	3,000
Charities Aid Foundation	-	10,000
HMRC Job Retention Scheme	32,904	26,034
Moondance Foundation	-	10,666
Waterloo Foundation	-	25,000
Homeless Link	91,300	-
The Albert Hunt Trust	5,000	-
Other	173	7,958
	<u>295,877</u>	<u>366,074</u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

5 Other trading activities

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Shop income	8,876	34,196
Online shop	18,023	12,414
House clearance	1,917	3,383
Recycling income	4,300	6,500
Other trading activities	<u>33,116</u>	<u>56,493</u>

6 Investments

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Interest receivable	<u>404</u>	<u>282</u>

7 Other income

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Insurance claims	<u>154,990</u>	<u>-</u>

8 Raising funds

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Purchases	<u>6,270</u>	<u>24,049</u>
	<u>6,270</u>	<u>24,049</u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

9 Charitable activities

	2021 £	2020 £
Staff costs	199,689	228,706
Depreciation and impairment	53,259	71,942
Other staff costs	4,100	10,333
Premises costs	116,717	167,258
Travel and subsistence	309	2,302
Motor expenses	17,500	18,599
Telephone	7,084	9,539
Bank charges	4,409	5,412
Insurance	10,185	8,016
Repairs and renewals	49,836	75,004
Shop expenses	9,439	7,902
Companion costs	48,230	62,990
Computer costs	3,159	7,056
Advertising and marketing	130	785
Licences and subscriptions	1,460	552
Printing, postage and stationery	6,157	3,410
Other costs	7,440	11,581
	<u>539,103</u>	<u>691,387</u>
Share of support costs (see note 10)	125,195	142,374
Share of governance costs (see note 10)	4,972	8,334
	<u>669,270</u>	<u>842,095</u>
Analysis by fund		
Unrestricted funds	351,048	659,617
Restricted funds	318,222	182,478
	<u>669,270</u>	<u>842,095</u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Staff costs	94,085	-	94,085	84,241	-	84,241
Other staff costs	1,636	-	1,636	15,565	-	15,565
Premises costs	8,577	-	8,577	18,896	-	18,896
Insurance	1,869	-	1,869	1,471	-	1,471
Printing, postage and stationery	481	-	481	1,440	-	1,440
Telephone	3,225	-	3,225	3,353	-	3,353
Travel and subsistence	434	-	434	3,234	-	3,234
Computer costs	1,507	-	1,507	5,894	-	5,894
Advertising and marketing	5,862	-	5,862	4,092	-	4,092
Licences and subscriptions	6,837	-	6,837	1,459	-	1,459
Other costs	682	-	682	2,729	-	2,729
Independent examination fees	-	3,000	3,000	-	5,041	5,041
Legal and professional	-	900	900	-	89	89
Accountancy fees	-	1,072	1,072	-	3,204	3,204
	<u>125,195</u>	<u>4,972</u>	<u>130,167</u>	<u>142,374</u>	<u>8,334</u>	<u>150,708</u>
Analysed between Charitable activities	<u>125,195</u>	<u>4,972</u>	<u>130,167</u>	<u>142,374</u>	<u>8,334</u>	<u>150,708</u>

Governance costs includes payments to the independent examiners of £3,000 (2020- £5,041) for independent examination fees.

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

12 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
	11	15
	<u>11</u>	<u>15</u>
Employment costs	2021	2020
	£	£
Wages and salaries	269,907	290,842
Social security costs	17,001	15,830
Other pension costs	6,866	6,275
	<u>293,774</u>	<u>312,947</u>

Key management personnel

The total amount of employee benefits (including gross salary, employers national insurance contributions and employers pension contributions) received by the charity's key management personnel for their services to the charity during the year was £143,212 (2020: £127,000).

There were no employees whose annual remuneration was £60,000 or more (2020: nil).

13 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £6,866 (2020 - £6,275).

14 Other

	Unrestricted funds	Unrestricted funds
	2021	2020
Net loss on disposal of tangible fixed assets	4,876	1,274
	<u>4,876</u>	<u>1,274</u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

15 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	IT Equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2020	1,254,757	148,786	9,917	23,079	1,436,539
Additions	-	775	2,392	-	3,167
Disposals	-	(16,688)	-	-	(16,688)
At 30 June 2021	1,254,757	132,873	12,309	23,079	1,423,018
Depreciation and impairment					
At 1 July 2020	242,312	130,443	5,144	19,890	397,789
Depreciation charged in the year	42,774	5,947	4,340	198	53,259
Eliminated in respect of disposals	-	(11,812)	-	-	(11,812)
At 30 June 2021	285,086	124,578	9,484	20,088	439,236
Carrying amount					
At 30 June 2021	969,671	8,295	2,825	2,991	983,782
At 30 June 2020	1,012,445	18,343	4,773	3,189	1,038,750

16 Stocks

	2021	2020
	£	£
Finished goods and goods for resale	2,257	2,968

17 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Other debtors	18,080	30,587
Prepayments and accrued income	57,817	33,557
	75,897	64,144

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

18 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Borrowings		4,184	-
Other taxation and social security		5,000	2,570
Deferred income	19	25,000	13,000
Trade creditors		11,391	26,863
Other creditors		5,785	9,125
Accruals and deferred income		66,346	74,858
		<u>117,706</u>	<u>126,416</u>

19 Deferred income

	2021 £	2020 £
Arising from grants	<u>25,000</u>	<u>13,000</u>

Deferred income is included in the financial statements as follows:

	2021 £	2020 £
Balance brought forward	13,000	34,370
Income received	307,877	344,704
Income released	(295,877)	(366,074)
Balance carried forward	<u>25,000</u>	<u>13,000</u>

20 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Borrowings	101,566	43,250
Other creditors	47,975	50,075
	<u>149,541</u>	<u>93,325</u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

21 Loans and overdrafts

	2021	2020
	£	£
Other loans	105,750	43,250
	<u> </u>	<u> </u>
Payable within one year	4,184	-
Payable after one year	101,566	43,250
	<u> </u>	<u> </u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

22 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			Transfers	Balance at 30 June 2021
	Balance at 1 July 2019	Incoming resources	Resources expended	Balance at 1 July 2020	Incoming resources	Resources expended		
	£	£	£	£	£	£	£	£
WCVA - Voluntary Services Emergency Fund	-	97,550	(30,092)	67,458	-	(60,294)	(7,164)	-
Charities Aid Foundation - Coronavirus Emergency Fund	-	10,000	(1,556)	8,444	-	(8,444)	-	-
Lloyds Bank Foundation	-	23,000	(23,000)	-	24,000	(24,000)	-	-
Hodge Foundation	-	25,000	(25,000)	-	25,000	(25,000)	-	-
Nant Lais - Development of Community Home	1,086,284	-	(54,020)	1,032,264	-	(42,774)	(19,819)	969,671
Fareshare	-	3,809	(1,384)	2,425	-	(520)	-	1,905
Bridgend Association of Voluntary Organisations	-	1,000	(770)	230	-	-	-	230
Emmaus UK / Dulverton Trust	-	900	(900)	-	-	-	-	-
WCVA - Volunteering in Wales	-	9,057	(9,057)	-	-	-	-	-
HMRC Job Retention Scheme	-	26,033	(26,033)	-	32,904	(32,904)	-	-
Moondance Foundation	73	10,666	(10,666)	73	-	-	(73)	-
Shaw Trust	4,493	-	-	4,493	-	-	(4,493)	-
Homeless Link	-	-	-	-	91,300	(86,786)	(4,514)	-
WCVA - Resilience Fund	-	-	-	-	37,500	(37,500)	-	-
	<u>1,090,850</u>	<u>207,015</u>	<u>(182,478)</u>	<u>1,115,387</u>	<u>210,704</u>	<u>(318,222)</u>	<u>(36,063)</u>	<u>971,806</u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

22 Restricted funds

(Continued)

WCVA Voluntary Services Emergency Fund - this funding was provided to support volunteer training and recruitment.

Charities Aid Foundation Coronavirus Emergency Fund - this funding was provided to support core costs.

Lloyds Bank Foundation - this funding was provided to support the cost of finance and administrator's wages and associated costs.

Hodge Foundation - this funding was provided to support the community manager and support workers wages costs.

Nant Lais Development of Community Home - this funding was provided to develop the charity's community home. The Big Lottery and Welsh Government provided grants with a supporting charge on the land and buildings to ensure that the property is used for the purpose of providing homes for companions, and cannot be sold without permission from the donors. The expenditure on this fund relates to the depreciation charge on the property.

Fareshare - this funding was provided to purchase kitchen equipment for the community.

Bridgend Association of Voluntary Organisations - this funding was provided to support the cost of making face masks.

Emmaus UK / Dulverton Trust - this funding was provided to purchase hygiene and safety products.

WCVA Volunteering in Wales - this funding was provided to support the charity during the Covid-19 pandemic.

HMRC Job Retention Scheme - this funding was provided to support wages costs during the Covid-19 pandemic.

Moondance Foundation - this funding was provided to support the business manager wages and associated costs.

Shaw Trust - this funding was provided to support the costs the opening.

Homeless Link - this funding was provided to fund core and charitable costs during the Covid-19 pandemic normally funded through trading income to enable operational service delivery to continue.

WCVA Resilience Fund - this funding was provided to support core and companion costs.

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

23 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 July 2020	Transfers	Balance at 30 June 2021
	£	£	£
Nant Lais Roof Improvements	-	44,016	44,016
Land Train	-	68,000	68,000
	<hr/>	<hr/>	<hr/>
	-	112,016	112,016
	<hr/>	<hr/>	<hr/>

Nant Lais Roof Improvements - this fund relates to the cost of significant repair and improvement work to the roof at the charity's Community Home in Nant Lais. This was carried out in August 2021.

Land Train - The charity has launched a new Land Train service in Porthcawl in August 2021. The designated fund created is to reflect the cost of purchasing the train.

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

24 Analysis of net assets between funds

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 30 June 2021 are represented by:								
Tangible assets	12,206	-	971,576	983,782	4,061	-	1,034,689	1,038,750
Current assets/(liabilities)	341,680	112,016	230	453,926	155,794	-	80,698	236,492
Long term liabilities	(149,541)	-	-	(149,541)	(93,325)	-	-	(93,325)
	<u>204,345</u>	<u>112,016</u>	<u>971,806</u>	<u>1,288,167</u>	<u>66,530</u>	<u>-</u>	<u>1,115,387</u>	<u>1,181,917</u>

EMMAUS SOUTH WALES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

25 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	78,450	92,832
Between two and five years	96,453	178,708
	<u>174,903</u>	<u>271,540</u>

26 Related party transactions

There were no disclosable related party transactions during the year (2020 - none).

27 Cash generated from operations

	2021 £	2020 £
Surplus for the year	106,250	57,323
Adjustments for:		
Investment income recognised in statement of financial activities	(404)	(282)
Loss on disposal of tangible fixed assets	4,876	1,274
Depreciation and impairment of tangible fixed assets	53,259	71,942
Movements in working capital:		
Decrease in stocks	711	10,034
(Increase)/decrease in debtors	(11,753)	7,027
(Decrease)/increase in creditors	(26,994)	10,523
Increase/(decrease) in deferred income	12,000	(21,370)
Cash generated from operations	<u>137,945</u>	<u>136,471</u>

28 Analysis of changes in net funds

	At 1 July 2020 £	Cash flows £	At 30 June 2021 £
Cash at bank and in hand	295,796	197,682	493,478
Loans falling due within one year	-	(4,184)	(4,184)
Loans falling due after more than one year	(43,250)	(58,316)	(101,566)
	<u>252,546</u>	<u>135,182</u>	<u>387,728</u>