

Emmaus Preston
(A Company Limited by Guarantee)
Report of the Trustees and
Financial Statements
for the Year Ended 30 June 2023

McMillan & Co LLP
Chartered Accountants and
Statutory Auditor
28 Eaton Avenue
Matrix Office Park
Buckshaw Village
Chorley
Lancashire
PR7 7NA

Emmaus Preston

Contents of the Financial Statements for the year ended 30 June 2023

	Page
Report of the Trustees	1 to 6
Report of the Independent Auditors	7 to 10
Statement of Financial Activities	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Cash Flow Statement	14
Notes to the Financial Statements	15 to 24

Emmaus Preston (Registered number: 03643570)

Report of the Trustees **for the year ended 30 June 2023**

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 2023. 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 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Emmaus Preston provides a home, work training and development for people who have been homeless or socially excluded.

People who become homeless do so for a variety of complex reasons. Many of the community members have slept rough. Emmaus offers stability, companionship, support and security for people to rebuild their lives. Accommodation is available for up to 50 people in the two Community Homes in Preston and Burnley.

The Community is fully inclusive. Companions are encouraged to play an active role in the day to day running of the Community.

Public benefit

Emmaus Preston works for the public benefit through its work delivering a range of education, enablement and support services for people who have been homeless or socially excluded. The Trustees have complied with their duty to note and pay due regard to public benefit guidance published by The Charity Commission. The Trustees are committed to ensuring the Charity remains responsive to, and respectful of, the diverse needs of those they help and the local community, enabling Companions to pursue ordinary lives and achieve their full potential.

Emmaus Preston (Registered number: 03643570)

Report of the Trustees for the year ended 30 June 2023

STRATEGIC REPORT

Achievement and performance

Emmaus across Lancashire

These are the first full year's accounts since our merger with Emmaus Burnley in April 2022, after six years of working together.

Emmaus in Lancashire operates two accommodation houses for people who are formerly homeless, whom we call Companions, with space for twenty-six in Preston and a further twenty-four rooms in our Burnley house. Additionally, our Burnley house has six self-contained flats, predominately for Companions who have paid work outside the community, and a three-bedroom house we rent to a family. We trade from four retail outlets: three in Preston and a large three floor Department Store in Rochdale, where our Burnley based Companions travel to daily to operate.

Staffing across the communities has increased and as well as five full time support staff, we added a Volunteer Coordinator to increase and support our volunteers and added other additional ancillary support staff for the communities.

Our Free Streets project ended in its current format in January 2023 as we had to look at our own internal delivery. Whilst we feel the project had great success, we were disappointed that often there were no services to refer people into or those services were so stretched themselves that it took months to pick our people up, which usually meant their contact details had changed, they had moved on to another town, were street sleeping or for one or two they had passed away. When someone on the streets wants help, they usually need it at the time they are asking, so a week is too long with the individuals focus on survival. We will look to deliver street support in a different way next year.

Companions

Whilst Companion numbers have fluctuated across the year with a high of 41 and a low of 32 at any one time, the need of the support required for the people joining us has remained high. Whilst Emmaus as a community is not for everyone, those that want to change will have behaviours challenged and supported in equal measure in our community.

We continue to provide a high level of support to Companions with 5 paid support staff across the two sites and again have seen a number of successful move-ons in to paid work, own accommodation, back with family and even into University. Our low Companion numbers can be a product of our own success. We move people on successfully so we have less people living with us but we are about outcomes and seeing people succeed so a full Emmaus is not a measure of success we want to recognise if no one is moving on.

Companions have continued to enjoy training including City and Guilds in Cycle Maintenance and Repair, City and Guilds Portable Appliance Testing, Cooker Installation and Food Hygiene Level 2.

Business

We have been a part of Big Local in Preston for the past 5 years, supporting firstly Friends of Fishwick and St Matthew and later FAM, as a trusted organisation holding and paying funds from the Big Local to the projects they had chosen to fund. Whilst we never delivered projects we ensured those delivering were paid promptly. This year the focus for projects for FAM has changed from Environmental and we have been able to step back and pass the unused funds back to Big Local for FAM to allocate elsewhere.

The Social Enterprises we run, mainly retail, support the running costs of our Emmaus including paying for food, support, training courses, move-on and some of the accommodation costs of our Companions. The more money we can generate the more support we can offer to Companions and our Companions are proud that as a charity we do not chase grants and are predominantly self-funding through our own work. The social enterprise income is not a nice addition, it is vital for us to operate and support as many people as we can as we receive no direct government or council funding.

This financial year, whilst trading has been very good both in retail and in particular our welfare scheme (where we deliver brand new white goods, beds and this year cots, bedding, dinner sets and other homewares), the costs of energy increasing has hit us very hard.

Emmaus Preston (Registered number: 03643570)

Report of the Trustees for the year ended 30 June 2023

Over the years aligning our energy contracts has proved fruitful being able to negotiate good rates for both gas and electric with larger supply, but in 2022 this bit us back. The start of the Ukraine War saw energy prices spiral just as all our contracts were being re-negotiated. Our gas and electric contracts for most of our sites, houses and shops, ended in September 2022 and we saw our electric charges per kwh raise by 500% and our gas go up by 600%! Just to put this in context, one of our charity stores electric bill went up from just over £2,000 a month to £12,000 a month.

Whilst trading did increase, unfortunately it has nowhere near increased enough to cover the additional energy costs we have for two very large housing complexes for our companions in Preston and Burnley and in our stores themselves.

These rising costs, in a year where we had increased the staff team to offer more support to our Companions, has led to a financial loss on the year. Fortunately we had built up reserves to ensure we were as stable as could be should any issues arrive outside of our control, in particular after Covid. This has meant we have not made had to make any cuts to Companion support delivery.

We will continue to suffer from these increased energy costs until at least late 2023 when our new increased price energy contract ends and whilst we do see energy costs lowering, they will still be 300% above our 2021 prices after 2023 and so we will be in for another tough financial year next year, well into 2024.

In January 2023 we learned that the former B & Q in Preston (47,000 square foot of retail space, we have operated as our Megastore shop since July 2016) had been sold and we were given notice to leave by the end of June 2023. Firstly we must thank the local Preston family who have supported us and continue to support us with no / low rent in this site and our other stores since July 2016 and we at Emmaus Preston owe them a great debt of gratitude.

Moving store location after many years is not ideal as people know where you are and a loyal customer base has been built up over many years. Finding a new store to match the size, location, car parking and rent fee of the former B & Q in Preston has been a challenge and whilst we found premises to move in to in July 2023, unfortunately it does not match our desire for size, location and car parking and so whilst operating from it from July 2023 we must continue the search for a new Megastore.

Finally

A thank you to my fellow Board of Trustees who have continued to support me and Emmaus throughout the year ensuring governance is upheld and meetings both well attended and worthwhile. A thank you to the Companion Reps who have sat in on our Board Meetings for their insight to Companion daily life in our community and their ideas and discussion during Board meetings. Thank you to our staff team led by Stephen, Karen and Sharon, who always work very hard, are always learning themselves and do their very best for our Companions and communities daily.

I would like to say a special thanks to Lynne our Finance Manager, who left us in November 2022, for all her hard work for Emmaus over the past 10 years and wish her a happy retirement.

Thanks to our many volunteers who support us weekly, as you make a huge difference. Thanks to all our Supporters from those who give us shops to trade from, to those who donate us items to sell and those who purchase from us - buying items from our stores really does directly make a difference to the Companions we support who have been homeless.

Lastly and most importantly, I would like to personally thank all our Companions that have been with us during the year. Companions not only work hard daily in our social enterprises but they do it with good humour and a sense of togetherness. The challenges our Companions have faced in their lives and are overcoming is truly humbling. They are the reason we exist as a charity and we must always keep them at the forefront in our decision making as a Board.

Emmaus Preston (Registered number: 03643570)

Report of the Trustees

for the year ended 30 June 2023

STRATEGIC REPORT

Financial review

Financial position

Income from the retail outlets has increased by over 50% to £687,155 (2022: £444,502). This is as a result of an additional unit in place for the full year and increased turnover in each outlet.

The welfare scheme assisted a larger number of companions, and income increased to £152,524 (2022: £64,204).

Housing benefit payments increased to £252,414 (2022: £138,194) which reflects both the increase in Companion numbers and an increase in the level of housing benefit.

Grants received totalled £7,160 (2022: £4,044) and donations and gifts received totalled £37,941 (2022: £19,297).

The net expenditure in the year ended 30 June 2023 was £178,303 (2022 before amortisation of goodwill and property impairment (see note 11): net expenditure £59,105; 2022 after these exceptional items: net expenditure £565,169).

The net movement in funds was a reduction of £178,303 (2022: £564,169), and total funds at 30 June 2023 were £1,153,236 (2022: £1,331,539).

Reserves policy

The reserve policy is kept under review by trustees.

In line with advice from Emmaus UK we hold at least the equivalent of three months costs in reserves to cover overheads in event of closure.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity was incorporated as a company limited by guarantee on 2 October 1998. The company's Memorandum of Association established its objectives and powers and it is governed under its Articles of Association. The directors of Emmaus Preston are also the Trustees for the purpose of Charity law. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Induction and training of new trustees

Each new Trustee is briefed about the Community, their legal responsibilities and ethical responsibilities and an induction programme is in place which includes visiting other communities and attending an Emmaus UK Federation induction day. Periodic appraisals are undertaken of trustee's skills and suitable training is offered.

Related parties

Emmaus Preston is a member of the Emmaus Federation in the UK. Emmaus UK is a federation of all the Emmaus Groups and Communities in the UK.

Emmaus Preston's Chair, a Director and the Community manager participate in Federation peer group meetings where best practice is shared. Emmaus Preston receives support from the Federation staff on recruitment, training, publicity, policy development, best practice and fund raising.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

03643570 (England and Wales)

Registered Charity number

1073677

Emmaus Preston (Registered number: 03643570)

Report of the Trustees

for the year ended 30 June 2023

Registered office

The Birches
165 Ribbleson Lane
Preston
Lancashire
PR1 5ST

Trustees

JA Caldwell
MG Conlon
JR Dean
KC Derbyshire
PR Leeming
S Savage (resigned 18/11/2022)
J Swindells
S Parker
JJB Rawkins
DJ Mein
NJ Edwards
KH Widdicks (appointed 6/1/2023)

Auditors

McMillan & Co LLP
Chartered Accountants and
Statutory Auditor
28 Eaton Avenue
Matrix Office Park
Buckshaw Village
Chorley
Lancashire
PR7 7NA

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Emmaus Preston 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).

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Emmaus Preston (Registered number: 03643570)

Report of the Trustees

for the year ended 30 June 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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, McMillan & Co LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 7 March 2024 and signed on the board's behalf by:

JR Dean - Trustee

Report of the Independent Auditors to the Members of Emmaus Preston

Opinion

We have audited the financial statements of Emmaus Preston (the 'charitable company') for the year ended 30 June 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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).

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 2023 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; 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

In the previous accounting period the Trustees of the charity took advantage of the audit exemptions available for small charities. Therefore, the prior period financial statements were not subject to audit.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of Emmaus Preston

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.

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.

Report of the Independent Auditors to the Members of Emmaus Preston

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships; and
- tested journal entries to identify unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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.

Report of the Independent Auditors to the Members of Emmaus Preston

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.

Neil McMillan FCA (Senior Statutory Auditor)
for and on behalf of McMillan & Co LLP
Chartered Accountants and
Statutory Auditor
28 Eaton Avenue
Matrix Office Park
Buckshaw Village
Chorley
Lancashire
PR7 7NA

7 March 2024

Emmaus Preston

Statement of Financial Activities for the year ended 30 June 2023

		Unrestricted fund £	Restricted funds £	2023 Total funds £	2022 Total funds £
	Notes				
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	45,101	-	45,101	23,341
Charitable activities	6				
Emmaus Community		252,414	-	252,414	138,194
Other trading activities	4	839,679	-	839,679	508,706
Investment income	5	9,537	-	9,537	8,385
Total		<u>1,146,731</u>	<u>-</u>	<u>1,146,731</u>	<u>678,626</u>
EXPENDITURE ON					
Raising funds	7	566,745	-	566,745	311,030
Charitable activities	8				
Emmaus Community		711,962	8,407	720,369	(106,425)
Emmaus Burnley		8,203	-	8,203	-
Friends of Fishwick and St Matthew		-	20,285	20,285	-
Other		8,726	-	8,726	1,012,198
Total		<u>1,295,636</u>	<u>28,692</u>	<u>1,324,328</u>	<u>1,216,803</u>
Net gains/(losses) on investments		<u>(706)</u>	<u>-</u>	<u>(706)</u>	<u>(25,992)</u>
NET INCOME/(EXPENDITURE)		(149,611)	(28,692)	(178,303)	(564,169)
RECONCILIATION OF FUNDS					
Total funds brought forward		949,798	381,741	1,331,539	1,895,708
TOTAL FUNDS CARRIED FORWARD		<u>800,187</u>	<u>353,049</u>	<u>1,153,236</u>	<u>1,331,539</u>

The notes form part of these financial statements

Emmaus Preston (Registered number: 03643570)

Balance Sheet

30 June 2023

	Notes	Unrestricted fund £	Restricted funds £	2023 Total funds £	2022 Total funds £
FIXED ASSETS					
Tangible assets	15	23,589	343,074	366,663	370,251
Investments	16	309,922	-	309,922	310,628
		<u>333,511</u>	<u>343,074</u>	<u>676,585</u>	<u>680,879</u>
CURRENT ASSETS					
Stocks	17	107,039	-	107,039	67,739
Debtors	18	98,450	-	98,450	134,852
Cash at bank and in hand		489,578	9,975	499,553	512,714
		<u>695,067</u>	<u>9,975</u>	<u>705,042</u>	<u>715,305</u>
CREDITORS					
Amounts falling due within one year	19	(228,391)	-	(228,391)	(64,645)
NET CURRENT ASSETS		<u>466,676</u>	<u>9,975</u>	<u>476,651</u>	<u>650,660</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>800,187</u>	<u>353,049</u>	<u>1,153,236</u>	<u>1,331,539</u>
NET ASSETS FUNDS	20	<u>800,187</u>	<u>353,049</u>	<u>1,153,236</u>	<u>1,331,539</u>
Unrestricted funds				800,187	949,798
Restricted funds				353,049	381,741
TOTAL FUNDS				<u>1,153,236</u>	<u>1,331,539</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 7 March 2024 and were signed on its behalf by:

JR Dean - Trustee

Emmaus Preston

Cash Flow Statement

for the year ended 30 June 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(15,917)</u>	<u>(130,233)</u>
Net cash used in operating activities		<u>(15,917)</u>	<u>(130,233)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(15,282)	(221,530)
Sale of tangible fixed assets		8,501	-
Amortisation of negative goodwill		-	503,834
Interest received		<u>9,537</u>	<u>8,385</u>
Net cash provided by investing activities		<u>2,756</u>	<u>290,689</u>
Change in cash and cash equivalents in the reporting period		(13,161)	160,456
Cash and cash equivalents at the beginning of the reporting period		512,714	352,258
Cash and cash equivalents at the end of the reporting period		<u>499,553</u>	<u>512,714</u>

The notes form part of these financial statements

Emmaus Preston

Notes to the Cash Flow Statement for the year ended 30 June 2023

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023 £	2022 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(178,303)	(564,169)
Adjustments for:		
Depreciation charges	8,736	(492,128)
Losses on investments	706	25,992
Loss on disposal of fixed assets	1,633	-
Interest received	(9,537)	(8,385)
Property Impairment	-	1,008,898
Increase in stocks	(39,300)	(19,148)
Decrease/(increase) in debtors	36,402	(68,397)
Increase/(decrease) in creditors	163,746	(12,896)
Net cash used in operations	<u>(15,917)</u>	<u>(130,233)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/7/22 £	Cash flow £	At 30/6/23 £
Net cash			
Cash at bank and in hand	512,714	(13,161)	499,553
	<u>512,714</u>	<u>(13,161)</u>	<u>499,553</u>
Total	<u>512,714</u>	<u>(13,161)</u>	<u>499,553</u>

Emmaus Preston

Notes to the Financial Statements for the year ended 30 June 2023

1. GENERAL INFORMATION

The charity is a registered charity in England and Wales and is incorporated. The address of the principal office is The Birches, 165 Ribbleson Lane, Preston, Lancashire, PR1 5ST.

There are no material uncertainties about the charity's ability to continue.

The presentational currency of the financial statements is the Pound Sterling (£).

The amounts in the financial statements have been rounded to the nearest £1.

2. 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 2019)', 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, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The deficit in the year is as a result of one-off maintenance costs in the properties. A budget has been prepared for the next 12 months which shows a small deficit, and this is being kept under review by the Trustees. The charity has strong cash reserves and dedicated income streams, and therefore a going concern basis is considered appropriate.

Income

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

Income from cash and short term deposits, income funds, dividends and rental income is accounted for on an accruals basis.

Donations, grants and gifts are recognised when receivable. In the event that a donation is subject to fulfilling performance conditions before the charity is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period. Income from Gift Aid tax reclaims is recognised for any donations with relevant Gift Aid certificates recognised in income for the year. Any amounts of Gift Aid not received by the year-end are accounted for in income and accrued income in debtors.

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.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Goodwill

Goodwill, being the negative goodwill arising on the transfer of Emmaus Burnley was fully amortised in the prior year.

Notes to the Financial Statements - continued for the year ended 30 June 2023

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold land	- not provided
Freehold buildings	- not provided
Plant and machinery	- 25% on cost
Fixtures, fittings and equipment	- 20% - 33% on cost
Motor vehicles	- 33% on cost

Freehold land is not depreciated. No depreciation is provided on the company's freehold and long leasehold buildings as the directors consider that the lives of these assets are so long and residual values, based on prices prevailing at the time of acquisition, are sufficiently high that any depreciation would be immaterial. Provision is made in the profit and loss account in the event of any permanent diminution in the value of the properties.

Fixed asset investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at anytime during the year, including profits and losses realised on sales of investments during the year.

Quoted securities in active markets are usually valued at the current bid price at the year end or at revaluation date nearest to the year end.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Stocks are comprised of bought in goods. Donated goods are held at nil value.

Taxation

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

Fund accounting

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

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

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

Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Basic financial assets, which include debtors, prepayments and bank balances, are initially measured at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the asset is measured at the present value of the future receipts discounted at a market rate of interest. Basic financial liabilities, which include creditors, accruals, bank loans and group borrowings, are initially recognised at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the liability is measured at the present value of the future obligations discounted at a market rate of interest.

Emmaus Preston

Notes to the Financial Statements - continued for the year ended 30 June 2023

2. ACCOUNTING POLICIES - continued

Financial instruments

Government Grants

CJRS and small business local authority grants are accounted for under the accruals model. Where the grant is classed as revenue, it is recognised in income on a systematic basis over the periods in which the company recognises the related costs.

3. DONATIONS AND LEGACIES

	2023	2022
	£	£
Donations and gifts	37,941	19,297
Grants	7,160	4,044
	<u>45,101</u>	<u>23,341</u>

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

	2023	2022
	£	£
Other grants	<u>7,160</u>	<u>4,044</u>

4. OTHER TRADING ACTIVITIES

	2023	2022
	£	£
Shop and other sundry income	687,155	444,502
Welfare scheme	152,524	64,204
	<u>839,679</u>	<u>508,706</u>

5. INVESTMENT INCOME

	2023	2022
	£	£
Interest receivable	<u>9,537</u>	<u>8,385</u>

Emmaus Preston

Notes to the Financial Statements - continued for the year ended 30 June 2023

6. INCOME FROM CHARITABLE ACTIVITIES

		2023	2022
	Activity	£	£
Rents and housing benefits received	Emmaus Community	<u>252,414</u>	<u>138,194</u>

7. RAISING FUNDS

Other trading activities

	2023	2022
	£	£
Operating costs	566,470	311,030
Bad debts	275	-
	<u>566,745</u>	<u>311,030</u>

8. CHARITABLE ACTIVITIES COSTS

	Direct Costs
	£
Emmaus Community	720,369
Emmaus Burnley	8,203
Friends of Fishwick and St Matthew	20,285
	<u>748,857</u>

9. GRANTS PAYABLE

	2023	2022
	£	£
Emmaus Community	<u>-</u>	<u>15,000</u>

10. SUPPORT COSTS

	Governance costs
	£
Other resources expended	<u>8,726</u>

11. NET INCOME/(EXPENDITURE)

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

	2023	2022
	£	£
Depreciation - owned assets	8,736	11,706
Deficit on disposal of fixed assets	1,633	-
Goodwill amortisation	-	(503,834)
Property impairment	<u>-</u>	<u>1,008,898</u>

Emmaus Preston

Notes to the Financial Statements - continued for the year ended 30 June 2023

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 June 2023 nor for the year ended 30 June 2022.

Trustees' expenses

There were no trustees' expenses paid for the year ended 30 June 2023 nor for the year ended 30 June 2022.

13. STAFF COSTS

	2023	2022
	£	£
Wages and salaries	322,892	207,064
	<u>322,892</u>	<u>207,064</u>

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

	2023	2022
	14	10

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

14. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 July 2022 and 30 June 2023	<u>(503,834)</u>
AMORTISATION	
At 1 July 2022 and 30 June 2023	<u>(503,834)</u>
NET BOOK VALUE	
At 30 June 2023	-
At 30 June 2022	-

On 30 April 2022 Emmaus Preston and Emmaus Burnley merged their operations and assets and liabilities of Emmaus Burnley were transferred to Emmaus Preston at that date.

In accordance with the Charities SORP, the combination was accounted for as an acquisition, with the corresponding negative goodwill of £503,834 being written back to the Statement of Financial Activities in the period of acquisition.

Emmaus Preston

Notes to the Financial Statements - continued for the year ended 30 June 2023

14. INTANGIBLE FIXED ASSETS - continued

The provisional and final fair value of assets and liabilities is set out below and were transferred from Emmaus Burnley at nil consideration:

	£
Fixed Assets	217,594
Debtors	137,952
Cash	183,531
Creditors	(35,243)
Negative Goodwill	<u>503,834</u>

15. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures, fittings & equipment £
COST			
At 1 July 2022	1,761,574	5,223	70,263
Additions	-	-	684
Disposals	-	-	-
At 30 June 2023	<u>1,761,574</u>	<u>5,223</u>	<u>70,947</u>
DEPRECIATION			
At 1 July 2022	1,418,500	5,222	63,265
Charge for year	-	-	1,259
Eliminated on disposal	-	-	-
At 30 June 2023	<u>1,418,500</u>	<u>5,222</u>	<u>64,524</u>
NET BOOK VALUE			
At 30 June 2023	<u>343,074</u>	<u>1</u>	<u>6,423</u>
At 30 June 2022	<u>343,074</u>	<u>1</u>	<u>6,998</u>

Emmaus Preston

Notes to the Financial Statements - continued for the year ended 30 June 2023

15. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 July 2022	71,390	-	1,908,450
Additions	-	14,598	15,282
Disposals	(20,115)	-	(20,115)
At 30 June 2023	51,275	14,598	1,903,617
DEPRECIATION			
At 1 July 2022	51,212	-	1,538,199
Charge for year	4,740	2,737	8,736
Eliminated on disposal	(9,981)	-	(9,981)
At 30 June 2023	45,971	2,737	1,536,954
NET BOOK VALUE			
At 30 June 2023	5,304	11,861	366,663
At 30 June 2022	20,178	-	370,251

16. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 July 2022 and 30 June 2023	336,620
PROVISIONS	
At 1 July 2022	25,992
Revaluation adjustments	706
At 30 June 2023	26,698
NET BOOK VALUE	
At 30 June 2023	309,922
At 30 June 2022	310,628

There were no investment assets outside the UK.

The historic cost of investments is £300,000 (2022: £300,000).

Emmaus Preston

Notes to the Financial Statements - continued for the year ended 30 June 2023

17. STOCKS

	2023	2022
	£	£
Stocks	<u>107,039</u>	<u>67,739</u>

18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	41,345	11,516
VAT	6,419	1,616
Prepayments and accrued income	<u>50,686</u>	<u>121,720</u>
	<u>98,450</u>	<u>134,852</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	56,993	21,035
Social security and other taxes	5,641	8,065
Accruals and deferred income	<u>165,757</u>	<u>35,545</u>
	<u>228,391</u>	<u>64,645</u>

20. MOVEMENT IN FUNDS

	At 1/7/22	Net movement in funds	At 30/6/23
	£	£	£
Unrestricted funds			
General fund	949,798	(149,611)	800,187
Restricted funds			
Preston property	150,000	-	150,000
Friends of Fishwick and St Matthew	20,285	(20,285)	-
Burnley Property	193,074	-	193,074
Free Streets	18,382	(8,407)	9,975
	<u>381,741</u>	<u>(28,692)</u>	<u>353,049</u>
TOTAL FUNDS	<u>1,331,539</u>	<u>(178,303)</u>	<u>1,153,236</u>

Emmaus Preston

Notes to the Financial Statements - continued for the year ended 30 June 2023

20. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,146,731	(1,295,636)	(706)	(149,611)
Restricted funds				
Friends of Fishwick and St Matthew	-	(20,285)	-	(20,285)
Free Streets	-	(8,407)	-	(8,407)
	-	(28,692)	-	(28,692)
TOTAL FUNDS	1,146,731	(1,324,328)	(706)	(178,303)

Comparatives for movement in funds

	At 1/7/21 £	Net movement in funds £	At 30/6/22 £
Unrestricted funds			
General fund	790,956	158,842	949,798
Restricted funds			
Preston property	1,084,395	(934,395)	150,000
Friends of Fishwick and St Matthew	20,357	(72)	20,285
Burnley Property	-	193,074	193,074
Free Streets	-	18,382	18,382
	1,104,752	(723,011)	381,741
TOTAL FUNDS	1,895,708	(564,169)	1,331,539

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	678,626	(493,792)	(25,992)	158,842
Restricted funds				
Preston property	-	(934,395)	-	(934,395)
Friends of Fishwick and St Matthew	-	(72)	-	(72)
Burnley Property	-	193,074	-	193,074
Free Streets	-	18,382	-	18,382
	-	(723,011)	-	(723,011)
TOTAL FUNDS	678,626	(1,216,803)	(25,992)	(564,169)

Emmaus Preston

Notes to the Financial Statements - continued for the year ended 30 June 2023

20. MOVEMENT IN FUNDS - continued

The restricted Preston property fund relate to the purchase and development of The Birches property which was used to create an Emmaus community in Preston.

The restricted Friends of Fishwick and St Matthew fund is in relation to grants received from Big Local Trust Charity for the regeneration of Green space in Preston.

The restricted Burnley Property fund relates to the Burnley Emmaus House property which was used to create the Emmaus Community in Burnley.

Free Streets funds have been restricted to the homeless outreach project in Burnley.

21. CONTINGENT LIABILITIES

Grants received from the Emmaus UK Solidarity Fund between 2001 and 2021 totalled £295,000 (2022: £295,000). These would become repayable in the event that Emmaus Preston ceased to be a member of the Emmaus UK Federation to the extent that donations to Emmaus UK Federation did not equal this sum.

On 30 April 2022 Emmaus Preston and Emmaus Burnley merged. The contingent liability from Burnley of £145,000 was added to the contingent liability of Emmaus Preston, along with the £224,000 loan from Emmaus UK from Burnley.

The total contingent liability in Emmaus Preston now stands at £664,000 (2022: £664,000).

22. RELATED PARTY DISCLOSURES

There were no related party transactions for the years ended 30 June 2023 or 30 June 2022.

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.