

Company registration number: 6429969

Charity registration number: 1123493

Emmaus Hastings and Rother

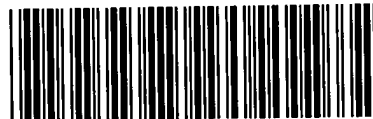
(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 30 June 2020

Manningtons
Chartered Accountants
39 High Street
Battle
East Sussex
TN33 0EE

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Emmaus Hastings and Rother

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Emmaus Hastings and Rother

Reference and Administrative Details

Trustees	M M Charlesworth
	A J Calton
	D J Cooper
	M F Edwards
	M V Brooke
	T R W Griffiths
	G Adamson
	G D Williams
	A D Pink
Principal Office	2 Whitworth Road St Leonards on Sea East Sussex TN37 7PZ
Company Registration Number	6429969
Charity Registration Number	1123493
Bankers	Lloyds Bank plc Terminus Road Eastbourne East Sussex BN21 3AH
Independent Examiner	Manningtons Chartered Accountants 39 High Street Battle East Sussex TN33 0EE

Emmaus Hastings and Rother

Trustees' Report

The trustees present their report and the financial statements for the year ended 30 June 2020. The trustees at the date of these accounts, who are also directors of Emmaus Hastings and Rother (EHR) for the purposes of company law, are set out on page 1.

Structure, governance and management

Governance

EHR is governed by its board of trustees under its articles of association. The charity is also constituted as a company limited by guarantee and has no share capital. None of the trustees held any beneficial interest in the company at any time during the year or received any remuneration for their services.

EHR is a member of Emmaus UK, the federation of Emmaus communities and groups in the UK, and is a full member of Emmaus International.

Trustees

Trustees are proposed for election by members of the board and appointed by resolution of the board. The articles of association state that the number of trustees shall not be less than five but not subject to any maximum. At each AGM any trustees appointed by the board since the last AGM must be reappointed and the longest serving third of the trustees stand down but may offer themselves for re-election.

In October 2019 we welcomed Alan Pink to the board of trustees with the intention that he become treasurer on the retirement of John Scarborough (see below). Alan is a Chartered Accountant and Chartered Tax Adviser of more than 30 years' standing and is currently attempting to gradually retire from his partnership in Tunbridge Wells. He has lived in Hastings & St Leonards for most of his life and in fact gave us pro-bono advice on our VAT position back in 2009 when we purchased the Whitworth Road site.

In December 2019 we reluctantly accepted the retirement - at the age of only 90 - of John Scarborough as treasurer and his resignation from the board. John was our treasurer for almost 10 years through the formative years of the charity, during which time we gained a reputation as one of the financially best managed communities in the federation. We owe him a debt of gratitude we can never repay.

EHR has always been fortunate in attracting a high standard of trustees with a wide range of professional skills. Over the coming year the board will continue to look to recruit new trustees to refresh the board. Induction and other specific training is offered by Emmaus UK and further experience is gained through visits to other communities and attendance at the various forums of Emmaus UK.

Membership

The current membership of the charity comprises the trustees together with John Scarborough (see above) and Emmaus UK. The only other change to our membership during the period covered by this report was the resignation of Margaret Tuccori, a previous trustee of Emmaus Brighton & Hove and a long-standing friend of our community.

Organisational structure

Staff report to the trustees through the Community Manager and are assisted in the operation of the charity by companions - the residents of the community - together with the trustees and volunteers.

The permanent staffing structure of the charity now comprises the Community Manager supported by Business and Support Managers, together with a part-time Retail and Support Assistant working to the Business Manager and a part-time Finance Manager.

Emmaus Hastings and Rother

Trustees' Report

Risk management

The EHR business plan identifies specific risks to the success of the project identified by the trustees and the identified countermeasures to those risks. The business plan and risks are regularly reviewed.

Objectives and activities

Aims and principles

The primary aim of the charity is to provide homeless and socially excluded people with both a home and meaningful work and to assist others in greater need, in accordance with the principles of the Emmaus Movement.

The trustees of EHR subscribe to the fundamental principles of the international Emmaus movement enshrined in the Universal Manifesto of the Emmaus movement, the Emmaus International Principles and Membership Charter and the Emmaus International solidarity commitments.

Public benefit

Emmaus is a secular and non-political charity providing a successful model for the alleviation of homelessness and social exclusion and welcomes both men and women over the age of 18. The UK federation currently includes 29 residential communities with the capacity to support more than 850 formerly homeless people and a further five groups providing either non-residential support or working to establish themselves. All are independent charities. The residential communities provide a home, shelter and meaningful work for their residents, known as 'companions', many of whom come to Emmaus as a result of homelessness, relationship breakdown, unemployment, debt, and alcohol or drug abuse. Work is provided by each community's social enterprise business, which typically trade in donated furniture and household goods and provide the basis for the community's target of financial self-sustainability.

By providing a home and work within a supportive community environment, those joining Emmaus communities are helped to regain their self-esteem and gain the personal resources and skills to enable them to move on to independent living as and when they wish to do so. With the Government's 2019 English Indices of Deprivation continuing to identify Hastings as one of the 20 most deprived English LA areas and the most deprived in the SE outside London and with Emmaus communities seeking self-sufficiency through their social enterprise businesses, EHR makes a unique contribution to the provision for homeless and socially excluded people in the area. Referrals to the community come from a range of sources including statutory agencies, other local charities and local health professionals and partnership working with these is sought wherever possible.

Emmaus communities produce environmental benefits by encouraging the re-use and recycling of unwanted household goods with savings of hundreds of tons of waste from landfill each year.

The work of EHR also benefits the wider local community by offering for sale second-hand donated goods at reasonable prices. Many of our customers are people on very low incomes and, following the Emmaus principle of helping those in the greatest need, we offer additional discounts to people in this situation, particularly those referred by other charities and agencies working with those in need. These donations in kind, together with other solidarity payments, were valued at £3k for the year.

Achievements and performance

Emmaus Hastings and Rother

Trustees' Report

Previous annual reports, covering the years to June 2019, describe the founding of EHR supported by the established community of Emmaus Brighton & Hove, the 2009 purchase of the Whitworth Road site and opening of the social enterprise business, construction of the first phase of the accommodation block and the opening of the community in July 2011 with capacity for nine companions, construction and opening of the second and third phases of the block which by June 2014 brought the community to its design capacity of 23 and the opening of our second and third shops in Battle and Bexhill in 2015 and 2017. As set out in the report for 2018/19, while resolution of the long-running dispute with Hasting Borough Council over the level of housing benefit paid to our companions and the government's decision to shelve plans for reform of the funding of supported housing improved our financial sustainability for at least the mid-term, it remained the view of the trustees that, to secure long-term sustainability, we should continue to target reduced dependence on the benefit system.

Our priorities for 2019/20 were then to work towards the significant growth in turnover at Whitworth Road seen as possible by the retail review sourced and funded by the Lloyds Bank Foundation for England and Wales through implementation of the recommendations of that review alongside improvements to the site to realise the opportunities that the long-awaited completion of the new road in front of the Whitworth Road site should bring. In the event, while the first six months of 2019/20 can be viewed against those, the second six months rapidly became dominated by the Covid-19 pandemic that led to the first national lockdown and closure of the trading business from mid-March to mid-June 2020 (just before the end of the period covered by this report). Taking this into account, features of the year to June 2020 were then as follows:

- The community remained stable at over 90% occupancy (our target figure) over the year and with a total of 27 companions having lived in the community during the year. Of the nine companions that left us during the year, one left for full-time employment, one to start full-time university study and four to move to other Emmaus communities. A number of the move-ons came at the end of the lockdown.
- For the social enterprise turnover of £232k had been forecast for 2019/20 together with £2k per month for Battle. Budget figures for Whitworth Road were again deliberately conservative because of the ongoing impact of the link road construction programme and no budget forecast had been made for Battle because of the month-by-month rental agreement (see the 2018/19 report). In the event, nearly three months of trading was lost due to the lockdown with turnover for the year of £190k almost exactly matching 75% of the budget figure plus the allowance for Battle. However, this loss of £60k in trading income was compensated by cost savings and external support.
- Construction of the much-delayed new link-road that will follow the line of Whitworth Road in front of our site was not completed during the period covered by this report with access to site remaining from Queensway to the west, with no vehicle access from Sedlescombe Road to the east and to our main customer base. In the face of increasing local frustration at the delays, proposals were put in hand for a temporary link to Sedlescombe Road, which would take through-traffic past the site. This was originally planned to open in Dec. 2020 but was still not complete when this report was issued (Mar. 2021). When complete the road will greatly improve our visibility, which should in turn increase footfall.
- Improvements to the ground floor sales area at Whitworth Road, again part-funded by CRASH (the construction industry charity) who had already funded refurbishment of the first floor, and most of the work to improve outside areas of the site, funded by Emmaus UK, were completed; intended to take advantage of the improved visibility and footfall that completion of the link road should bring. A significant amount was done using in-house resources during the lockdown with this including that necessary to allow Whitworth Road to reopen safely for trading on 16 Jun. in full compliance with Government and Charity Retail Association guidelines. To do so the Whitworth Road shop was effectively divided into separate ground and first floor shops, each with its own, entrance, one-way traffic route, till point and exit. Additional storage space to allow the quarantining of donations was provided by a grant from the Lloyds Bank Foundation for England and Wales.

Emmaus Hastings and Rother

Trustees' Report

The trustees note their thanks to the companions, volunteers, staff and donors who made these possible and to the wider Emmaus movement in the UK for its continuing support. In particular they note the response of companions and staff to the challenges presented by Covid-19 and the lockdown in the second half of the year.

The community, including staff and trustees continues to play an active role in the UK federation and will seek to contribute to the federation's strategic development plan. Locally, alongside the solidarity donations in kind referred to above, we have been pleased to give material support to a number of other local charities including those working in similar areas to ourselves, as well as to the local foodbank and St Michael's hospice.

Financial review

Financially, the year ended 30 June 2020, and indeed the subsequent period to date, has been a story of survival in highly challenging circumstances. The net contribution from trading was down by approximately a quarter, which corresponds to the approximately three months of the government enforced closure of our shops in the year. Losing something like £60,000 from the bottom line in this way should have put us into an overall loss, and would have done but for substantial funding received in government support grants and in grants & donations from external funders looking to help charities weather the pandemic.

As a result, our cash position at the end of the period put the company in a reasonable position to meet the challenges ahead; which so far have turned out to be even more formidable than perhaps we anticipated at the time. As we write, after over three months of further shop closures, the bank balance is still sufficiently healthy to meet any probable impact on trading in the short to mid-term. Needless to say, this is neither an expected nor a desirable outcome, because we hope to be able to employ the funds in further expansion of the work of Emmaus when the future is perhaps easier to plan for than it currently is.

Manningtons, Chartered Accountants, remain the charity's accounts examiners.

Reserves policy

The charity's financial objectives include that we should retain a reserve of free (unrestricted) funds equivalent to three months' operating costs. At the year-end our free reserves were significantly greater than our current three-month operating costs of £85k, due both to the generosity of external funders and to trustees' caution in face of the uncertainties around trading in 2020/21.

Plans for future periods

As indicated in the report for 2018/19 and above, while resolution of the dispute with Hasting Borough Council over the level of housing benefit paid to our companions and the government's shelving of reform to the funding for supported housing improved our financial sustainability for at least the mid-term, it remains the view of the trustees that, to secure the long-term sustainability of the charity, we should continue to target reduced dependence on the benefit system. Growth or diversification of our social enterprise business remains the only practicable way to achieve this but, in the light of the significant growth in turnover at Whitworth Road seen as possible by the 2019 retail review funded by the Lloyds Bank Foundation for England and Wales alongside their 'Enable' programme grant and the increased visibility and footfall that should result from opening of the new link-road in front of the site, developing the business at Whitworth Road is now seen as more readily achievable than the opening of a further large shop as previously proposed.

Dominating our plans for 2020/21 is the need to maintain the community, its secure financial position and the social enterprise business through the continuing Covid-19 pandemic, with a clear expectation that, although trading had just resumed at the end of the 2019/20 financial year, further restrictions were probable through the winter of 2020/21 (by the time this report was issued in Mar. 2021 and over three more months of trading lost, the impact of Covid-19 had become greater than envisaged at the start of the financial year and would have a significant impact on outcomes for the year).

Emmaus Hastings and Rother

Trustees' Report

- To maintain the community as close as possible to its capacity of 23 during the pandemic, providing a home and meaningful work to around 30 people over the year and, where possible taking into the ongoing impact of Covid-19, further improving companion training and development opportunities.
- For the social enterprise, turnover of only £192k is forecast for 2020/21 compared to the £190k achieved in 2019/20, made up of shop sales of £133k at Whitworth Road (£123k in 2019/20), £27k at Bexhill (£28k in 2019/20) and other trading income of £32k (£39k in 2019/20). Again, for budget purposes no forecast has been made for Battle. All of the forecasts are deliberately conservative because of considerable uncertainties as to the ongoing impact of Covid-19. The forecast for Whitworth Road also continues to take account of the impact of the link road construction programme.
- To complete the outstanding programme of improvements to the Whitworth Road site intended to maximise the impact of the increased visibility and footfall that completion of the link road should bring and to improve our storage, sorting and other facilities to increase our resilience to any future disruption of trading.
- To continue to seek help from the developers to mitigate the impact on trading of the building of the eastern portion of the new link-road, particularly in the light of a construction programme that is now in its fifth year and the delays to even the temporary link that were apparent by the time this report was issued (Mar. 2021).
- To continue to improve brand awareness of Emmaus and what we do across the local area through increased use of social media & other platforms, with the particular target of attracting a younger demographic of customer and supporter, and similarly to increase our sales through on-line platforms.
- To continue to seek new trustees with the skills needed to help maintain and grow the charity over coming years.

Emmaus Hastings and Rother

Statement of Trustees' Responsibilities

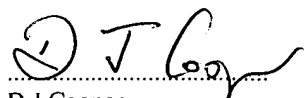
The trustees (who are also the directors of Emmaus Hastings and Rother for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 26/3/21 and signed on its behalf by:



D J Cooper
Trustee

Emmaus Hastings and Rother

Independent Examiner's Report to the trustees of Emmaus Hastings and Rother

I report to the charity trustees on my examination of the accounts of the charity for the year ended 30 June 2020 which are set out on pages 9 to 23.

Respective responsibilities of trustees and examiner

As the charity's trustees of Emmaus Hastings and Rother (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

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


Independent examiner's statement

Since Emmaus Hastings and Rother'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 , 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:

1. accounting records were not kept in respect of Emmaus Hastings and Rother as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts 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 accounts 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 accounts to be reached.


Rowena Walsh FCCA
Chartered Accountants

39 High Street
Battle
East Sussex
TN33 0EE

Date: 29/03/21

Emmaus Hastings and Rother

Statement of Financial Activities for the Year Ended 30 June 2020 **(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £
Income and Endowments from:				
Donations and legacies	3	117,107	45,459	162,566
Charitable activities	4	324,938	-	324,938
Investment income	5	395	-	395
Total Income		<u>442,440</u>	<u>45,459</u>	<u>487,899</u>
Expenditure on:				
Charitable activities	6	(334,309)	(64,821)	(399,130)
Governance costs		<u>(3,500)</u>	<u>-</u>	<u>(3,500)</u>
Total Expenditure		<u>(337,809)</u>	<u>(64,821)</u>	<u>(402,630)</u>
Net income/(expenditure)		<u>104,631</u>	<u>(19,362)</u>	<u>85,269</u>
Net movement in funds		104,631	(19,362)	85,269
Reconciliation of funds				
Total funds brought forward		<u>583,629</u>	<u>466,871</u>	<u>1,050,500</u>
Total funds carried forward	20	<u><u>688,260</u></u>	<u><u>447,509</u></u>	<u><u>1,135,769</u></u>

Emmaus Hastings and Rother

Statement of Financial Activities for the Year Ended 30 June 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £
Income and Endowments from:				
Donations and legacies	3	5,620	20,400	26,020
Charitable activities	4	372,367	-	372,367
Investment income	5	304	-	304
Total Income		<u>378,291</u>	<u>20,400</u>	<u>398,691</u>
Expenditure on:				
Charitable activities	6	(327,410)	(47,761)	(375,171)
Governance costs		<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
Total Expenditure		<u>(329,410)</u>	<u>(47,761)</u>	<u>(377,171)</u>
Net income/(expenditure)		<u>48,881</u>	<u>(27,361)</u>	<u>21,520</u>
Net movement in funds		48,881	(27,361)	21,520
Reconciliation of funds				
Total funds brought forward		<u>534,748</u>	<u>494,232</u>	<u>1,028,980</u>
Total funds carried forward	20	<u><u>583,629</u></u>	<u><u>466,871</u></u>	<u><u>1,050,500</u></u>

All of the charity's activities derive from continuing operations during the two periods: 2018/19 (shown above) and 2019/20 (shown on the previous page).

The funds breakdown for 2019 is shown in note 20.

Emmaus Hastings and Rother

(Registration number: 6429969)
Balance Sheet as at 30 June 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	952,916	981,523
Current assets			
Stocks	14	1,462	1,563
Debtors	15	25,354	18,281
Cash at bank and in hand	16	241,475	86,493
		268,291	106,337
Creditors: Amounts falling due within one year	17	(25,604)	(25,360)
Net current assets		242,687	80,977
Total assets less current liabilities		1,195,603	1,062,500
Creditors: Amounts falling due after more than one year	18	(59,834)	(12,000)
Net assets		1,135,769	1,050,500
Funds of the charity:			
Restricted funds		447,509	466,871
Unrestricted income funds			
Unrestricted funds		688,260	583,629
Total funds	20	1,135,769	1,050,500

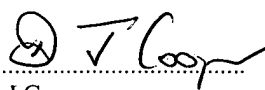
For the financial year ending 30 June 2020 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

The financial statements on pages 9 to 23 were approved by the trustees, and authorised for issue on 26/3/21 and signed on their behalf by:


D J Cooper
Trustee

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

1 Charity status

The charity is limited by guarantee, incorporated in, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

2 Whitworth Road
St Leonards on Sea
East Sussex
TN37 7PZ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

Emmaus Hastings and Rother meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Income and endowments

Donations and legacies

Donations are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Investment income

Investment income is recognised on a receivable basis.

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

Charitable activities

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grant expenditure

Grants payable are payments made to third parties in the furtherance of the charitable objectives. Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specific service or output.

Grants payable without performance conditions are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

Grant provisions

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters. ○

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £500 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land and buildings	Buildings alone are depreciated over 10, 25 and 50 years
Fixtures and fittings	10% - 33% straight line basis
Motor vehicles	25% straight line basis

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stock. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in the Statement of Financial Activities in the period in which they arise except for:

- 1) exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- 2) exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- 3) in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme. Contributions are charged in the statement of financial activities as they become payable in accordance with the rules of the scheme.

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

3 Income from donations and legacies

	Unrestricted funds			
	General £	Restricted funds £	Total 2020 £	Total 2019 £
Donations and legacies;				
Donations from individuals	25,536	-	25,536	5,620
Grants, including capital grants;				
Government grants	86,500	5,273	91,773	-
Grants from companies	5,071	40,186	45,257	20,400
	<u>117,107</u>	<u>45,459</u>	<u>162,566</u>	<u>26,020</u>

4 Income from charitable activities

	Unrestricted funds			
	General £	Total 2020 £	Total 2019 £	
Sale of second-hand donated goods	190,241	190,241	243,438	
Accommodation for homeless people	134,697	134,697	128,929	
	<u>324,938</u>	<u>324,938</u>	<u>372,367</u>	

5 Investment income

	Unrestricted funds			
	General £	Total 2020 £	Total 2019 £	
Other income from current asset investments	395	395	304	

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

6 Expenditure on charitable activities

		Unrestricted funds	Restricted funds	Total 2020	Total 2019
	Note	General £	£	£	£
Sale of second-hand donated goods		93,465	28,266	121,731	104,844
Accommodation for the homeless		124,705	23,784	148,489	151,198
Grant funding of activities		-	-	-	1,000
Staff costs		116,139	12,771	128,910	118,129
		<u>334,309</u>	<u>64,821</u>	<u>399,130</u>	<u>375,171</u>

	Sale of second-hand donated goods	Accommodation for the homeless	Total
	£	£	£
Grant repayments to Emmaus UK	-	-	-
Cost of good sold	6,946	-	6,946
Employment costs	69,228	59,683	128,911
Companions' costs	145	94,613	94,758
Establishment costs	34,403	17,505	51,908
Repairs and maintenance	26,753	3,137	29,890
Office expenses	14,067	1,461	15,528
Sundry and other costs	7,695	45	7,740
Motor expenses	15,978	1,457	17,435
Travel and subsistence	1,579	957	2,536
Advertising and promotion	1,788	-	1,788
Bank charges	2,133	-	2,133
Interest payable	-	-	-
Depreciation of tangible fixed assets	10,242	29,313	39,555
Profit on disposal of tangible fixed asset	-	-	-
	<u>190,958</u>	<u>208,171</u>	<u>399,130</u>

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

7 Analysis of governance and support costs

Governance costs

	Unrestricted funds		
	General	Total	Total
	£	2020	2019
		£	£
Independent examiner fees			
Examination of the financial statements	3,500	3,500	2,000
	<u>3,500</u>	<u>3,500</u>	<u>2,000</u>

8 Net incoming/outgoing resources

Net incoming resources for the year include:

	2020	2019
	£	£
Profit on disposal of tangible fixed assets	-	(8,816)
Depreciation of fixed assets	<u>39,555</u>	<u>41,674</u>

9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

10 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
Staff costs during the year were:		
Wages and salaries	115,346	108,554
Social security costs	9,255	5,908
Pension costs	4,309	3,667
	<u>128,910</u>	<u>118,129</u>

The monthly average number of persons employed by the charity during the year was as follows:

	2020 No	2019 No
Community Managers	1	1
Business and Support Managers	2	2
Finance Managers	1	1
Retail Assistants	1	1
	<u>5</u>	<u>5</u>

Contributions to the employee pension schemes for the year totalled £4,309 (2019 - £3,667).

No employee received emoluments of more than £60,000 during the year.

11 Independent examiner's remuneration

	2020 £	2019 £
Examination of the financial statements	<u>3,500</u>	<u>2,000</u>

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

12 Taxation

The charity is a registered charity and is therefore exempt from Corporation tax.

13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2019	1,242,996	28,464	47,621	1,319,081
Additions	<u>9,840</u>	<u>1,108</u>	<u>-</u>	<u>10,948</u>
At 30 June 2020	<u>1,252,836</u>	<u>29,572</u>	<u>47,621</u>	<u>1,330,029</u>
Depreciation				
At 1 July 2019	264,788	26,030	46,740	337,558
Charge for the year	<u>37,549</u>	<u>1,565</u>	<u>441</u>	<u>39,555</u>
At 30 June 2020	<u>302,337</u>	<u>27,595</u>	<u>47,181</u>	<u>377,113</u>
Net book value				
At 30 June 2020	<u>950,499</u>	<u>1,977</u>	<u>440</u>	<u>952,916</u>
At 30 June 2019	<u>978,208</u>	<u>2,434</u>	<u>881</u>	<u>981,523</u>

14 Stock

	2020 £	2019 £
Stocks	<u>1,462</u>	<u>1,563</u>

15 Debtors

	2020 £	2019 £
Prepayments	7,400	8,106
Other debtors	<u>17,954</u>	<u>10,175</u>
	<u>25,354</u>	<u>18,281</u>

16 Cash and cash equivalents

	2020 £	2019 £
Cash on hand	1,535	625
Cash at bank	<u>239,940</u>	<u>85,868</u>
	<u>241,475</u>	<u>86,493</u>

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

17 Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans	833	-
Trade creditors	1,043	2,535
Other loans	6,333	6,333
Other taxation and social security	-	1,566
Other creditors	3,162	3,312
Accruals	14,233	11,614
	<u>25,604</u>	<u>25,360</u>

18 Creditors: amounts falling due after one year

	2020 £	2019 £
Bank loans	49,167	-
Other loans	10,667	12,000
	<u>59,834</u>	<u>12,000</u>

19 Contingent liabilities

Since the charity's inception, grants totalling £235,211 have been received from Emmaus UK with a moral obligation that these are repaid as and when funds become available, to allow further growth in the movement. However there is also a legal obligation for the funds to be repaid in full if the charity ceases to be part of the Emmaus Federation. The charity has historically made nominal repayments totalling £5,500 to Emmaus UK therefore reducing the outstanding repayable amount to £229,711. No repayments were made in this financial period due to the conditions brought on by COVID-19. Nominal repayments will restart in June 2021

The grants are otherwise repayable in full if the charity ceases to be a member of the Emmaus Federation in the UK.

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Notes to the Financial Statements for the Year Ended 30 June 2020

20 Funds

	Balance at 1 July 2019 £	Incoming resources £	Resources expended £	Balance at 30 June 2020 £
Unrestricted funds				
<i>General</i>				
General funds	573,629	442,440	(337,809)	678,260
<i>Designated</i>				
Second retail outlet fund	10,000	-	-	10,000
Total Unrestricted funds	583,629	442,440	(337,809)	688,260
Restricted funds				
Accommodation block building fund	445,655	-	(24,274)	421,381
Trading building improvements fund	19,295	-	(4,930)	14,365
Lloyds Foundation Grant	-	11,667	(11,667)	-
CRASH Grant	-	8,874	(1,374)	7,500
Emmaus UK Grant	1,921	19,647	(17,305)	4,263
Job Retention Scheme	-	5,273	(5,273)	-
Total restricted funds	466,871	45,461	(64,823)	447,509
Total funds	1,050,500	487,901	(402,632)	1,135,769
	Balance at 1 July 2018 £	Incoming resources £	Resources expended £	Balance at 30 June 2019 £
Unrestricted funds				
<i>General</i>				
General funds	524,747	378,291	(329,409)	573,629
<i>Designated</i>				
Second retail outlet fund	10,000	-	-	10,000
Total unrestricted funds	534,747	378,291	(329,409)	583,629

Emmaus Hastings and Rother

Notes to the Financial Statements for the Year Ended 30 June 2020

	Balance at 1 July 2018 £	Incoming resources £	Resources expended £	Balance at 30 June 2019 £
Restricted funds				
Accommodation block building fund	469,931	-	(24,276)	445,655
Trading building improvements fund	24,302	-	(5,007)	19,295
Lloyds Foundation Grant	-	7,500	(7,500)	-
CRASH Grant	-	5,000	(5,000)	-
Emmaus UK Grant	-	7,900	(5,979)	1,921
Total restricted funds	<u>494,233</u>	<u>20,400</u>	<u>(47,762)</u>	<u>466,871</u>
Total funds	<u>1,028,980</u>	<u>398,691</u>	<u>(377,171)</u>	<u>1,050,500</u>

21 Analysis of net assets between funds

	Unrestricted funds General £	Restricted funds £	Total funds £
Tangible fixed assets	513,651	439,265	952,916
Current assets	260,047	8,244	268,291
Current liabilities	(25,604)	-	(25,604)
Creditors over 1 year	(59,834)	-	(59,834)
Total net assets	<u>688,260</u>	<u>447,509</u>	<u>1,135,769</u>

	Unrestricted funds General £	Designated £	Restricted funds £	Total funds at 30 June 2019 £
Tangible fixed assets	513,054	-	468,469	981,523
Current assets	97,935	10,000	(1,598)	106,337
Current liabilities	(25,360)	-	-	(25,360)
Creditors over 1 year	(12,000)	-	-	(12,000)
Total net assets	<u>573,629</u>	<u>10,000</u>	<u>466,871</u>	<u>1,050,500</u>

22 Related party transactions

Trustee loan

In a prior year an informal interest free loan of £5,000 had been made to the charity by a trustee. This remained outstanding at the year end. At the balance sheet date the amount due to the Trustee loan was £5,000 (2019 - £5,000).