

**Sussex Emmaus
A Company Limited by Guarantee
Financial Summary Report
Year Ended 31 March 2018**

**Reference and administrative details of the Company, its trustees and advisers
For the year ended 31 March 2018**

Trustees

Dr G Jones OBE DL, Chair
S Bottrell (resigned 31 May 2018)
J McLean
P Mernagh-Thompson
F Morris
G Price
F Harrison
E Thomas-Hancock (appointed 25 October 2017, resigned 4 March 2018)
P Daniel, Treasurer
P Mitchell (appointed 1 July 2018)

Company registered number

03130876

Charity registered number

1053354

Registered office and principle address

Emmaus, Drove Road, Portslade, East Sussex, BN41 2PA

Company secretary

M J Noble (appointed 25 October 2017)

Chief executive

C Squince

Independent auditors

Kreston Reeves LLP, One Jubilee Street, Brighton, East Sussex, BN1 1GE

Bankers

Lloyds Banking Group plc, PO BOX 2898, East Sussex, BN1 1PX

CAF Bank Ltd, Kings Hill, West Malling, Kent, ME19 4TA

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Trustees' Report

Aims

The primary aim of the Company is to provide formerly homeless people with accommodation and meaningful work and to assist others in greater need, in accordance with the principles of the Emmaus Movement.

The Life of the Community

The principal activity of the Trustees remains the formulation of policy and the oversight and support of the management team in their task of giving direction, support and training to Companions, staff and volunteers.

The goals of the Community are the practical and moral support of Companions and financial self-sufficiency, both to be achieved through the work of the Community members and the improvements in the quality of life of the Companions. The Charity is committed to offering a warm welcome to new Companions. The Community operates an Admissions Policy, which encourages a diversity of applicants. Aspiring Companions are asked to submit a referral form and are invited to the Community for a familiarisation tour and to meet with staff and Companions in positions of responsibility before being invited to join.

Policies are required to regulate the running of the life and work of the Community and are regularly reviewed.

Training remains a priority and many Companions have gained new skills and personal satisfaction from the courses undertaken. Workplace training takes place in the skills needed to run the businesses and to improve the Companions' confidence and self-esteem. Courses include manual handling, health and safety, first aid, food hygiene, safe use of garden machinery, COSHH and how to deal with customers and donors.

Counselling, support and advice continue to be made available within the Community and this extends to guidance with regard to 'moving-on' for those who wish to do so. Appropriate support is offered to Companions through the guidance of the Community Leader and the Support Worker.

The Health and Safety Committee has met regularly and given attention to potential and perceived risks. A report upon its work is made to every Board meeting, and action is taken as necessary.

The Community has capacity for 53 Companions. 46 reside in the Main Building, and 2 in one of the cottages and 5 in a second cottage in the grounds. During the year 84 people have resided in the Community for a short or long period. A number of Companions have left the Community and then returned.

Development and essential maintenance work were the main focus of the in-house maintenance team who worked alongside specialist contractors where necessary. The development projects were carefully planned and managed to run alongside the everyday activities and workings of the Community.

The maintenance projects undertaken throughout the year included:

- Decoration of a number of Companion bedrooms.
- Decoration of a corridor on the second floor of the main building which link Companions bedrooms to the Community.
- Extensive refurbishment of one of the cottages, Manor Cottage in Drove Road. The work included reconfiguration of the bedrooms and living spaces, replacement of a single bathroom with 2 shower rooms, new boiler, replacement of part of the roof, new windows and doors, decoration throughout, new carpets and fittings. The cottage provides accommodation for 5 Companions along with a guest suite.
- Continued refurbishment to existing bathrooms and shower rooms.
- Grounds maintenance.

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The Secondhand Superstore and Emporium remain the main retail selling areas and offer a wide selection of furniture, household goods, linen, clothing, books, CDs and DVD's. The Emporium is dedicated to the sale of vintage, retro, collectable, handmade and up-cycled products. The stock on sale is targeted at a different market from the Secondhand Superstore. The shop is merchandised to display the range of goods by theme or era and, therefore, is particularly well supported by those seeking unusual items or by those with an interest in the past. Attention to detail and presentation of stock has been the focus of our work, which includes training and developing new skills for Companions.

The Greenhouse shop is in the conservatory and terrace at the rear of the main Superstore building. The shop offers a range of garden-related donated items along with a selection of plants.

The warehouse and main sorting area was relocated during the year into the undercroft below the Secondhand Superstore. A new drop off point for donated goods has been created.

The relocation of the warehouse enabled the existing space to be refurbished by The WoodStore and thus created a new retail business operated by the WoodStore which opened in February 2018.

The shops have built a strong, loyal customer base but we actively seek to attract new customers. During the year, the Secondhand Superstore continued to work in partnership with local organisations, including Brighton & Hove City Council, to supply household goods to local people on low incomes. The Council led Social Discretionary Fund is a voucher run scheme for such people in receipt of a crisis loan. We are able to supply essential household goods to those in receipt of the vouchers.

The café, Revive, continues to be a very popular meeting place. Customers and visitors can enjoy good food and refreshments in the large indoor café or outside on the extensive terrace overlooking the gardens. The café appeals to customers in its own right and has become a destination for local residents, office workers and visitors to the Community.

Emmaus by the Sea, the first shop to be operated by our Community away from its main site, has been operating for four years. The shop sells furniture, household goods, clothing, linen, books, music and plants. It is benefiting from the south coast road location in Southwick attracting a high level of donations and passing trade. The shop acts as a signpost to the main site. The first floor flat above the shop is let to a private tenant and the Board has taken the decision to continue with this arrangement for the foreseeable future.

The Community continues its commitment to 'Solidarity' work by helping those in greater need. The Companions, staff and Trustees attend a regular meeting to discuss and consider local, national and international Solidarity projects. Examples of the type of projects undertaken in the year include:

- Monthly help at the soup run on Brighton seafront
- Working in partnership with St Vincent de Paul to supply goods to people on low income
- Beach cleaning
- Supplying materials to Sew Fabulous
- Companions completing the Brighton Marathon and raising funds for the Blinds Veterans
- Supporting Emmaus St Albans on trips to the migrant camps near Calais
- Supplying spectacles to Vision Aid

The Community is grateful to its team of volunteers who work alongside and support the Companions and staff in both business and Community activities. At the end of March 2018 there were 48 people who volunteer at the Community on a regular basis.

External Activities and Promotion

Members and staff of our Community continue to take an active part in the diverse activities and work of Emmaus UK and of Emmaus International.

Members of staff and Companions attend peer group meetings throughout the year with colleagues from other Emmaus Communities. The groups discuss best practice and common themes and issues across the movement. A Companion attends the Companions' Forum to represent the views of Companions across the Federation. Newly recruited members of staff from existing and new Communities have spent time with us as part of their training and on-going development.

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Communication within and outside the Community is maintained through the use of our website, www.emmausbrighton.co.uk, leaflets and through the use of social media. Facebook, Twitter, Instagram and Pinterest are examples of direct marketing and messaging. We use this media to promote events, the businesses and stories about the Community, its people and its work. Newsletters and e newsletters continue to be regarded as a helpful means of sharing information with our followers and supporters.

Plans for future periods

Future developments

We have been undertaking a very detailed survey of our Drove Road site so as to better understand its potential future uses and the likely cost and the opportunities open to the Community. I would like to pay particular tribute to Trustee John Mclean who has invested tremendous time skill and energy into this work to date. In particular, Trustee Simon Bottrell has devoted considerable time and research into our new strategic plan Direction 2020. This plan will aim to provide the Community with a renewed "road map" for a successful future that protects the Community.

We will keep under review our current partnership with The WoodStore. We will review the current usage of existing on site cottage accommodation to determine how best to maximise income or additional Companion accommodation.

Our new Community Manager is charged with significantly enhancing the training and development and other support for our increasing Community of Companions so as to prepare and strengthen them for the future in what is clearly an increasingly challenging external environment.

We will continue to explore the possibility of working in partnership with like minded organisations, either on our own sites or new shared premises.

Financial review

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Financial risk management objectives and policies

During the year, at their normal quarterly meetings, the Trustees reviewed the risks entailed in the management and governance of the Community. Where risks were judged to be either particularly high or where the consequences of such risks were deemed to be particularly serious measures were put in place to ensure that the risks were properly managed.

Reserves policy

The charity's policy is to maintain a level of reserves sufficient to enable it to deal with the consequences of unexpected events or contingencies. Likely areas of risk have been identified as unexpected maintenance or health and safety expenditure, difficult or volatile trading conditions, and the risk of sudden reduction of income from accommodation contributions if there were to be further change in the benefits system.

Between three and four months' worth of planned annual expenditure is taken as a suitable reserves target. This range is considered appropriate given the income and expenditure risks the charity faces and is comparable with other charities in similar circumstances.

Under the policy adopted during the year, reserves are defined as the unrestricted funds balance, adjusted to exclude fixed assets, without credit for unsecured long term liabilities owed to charitable institutions.

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The target for such reserves should be a range between the equivalent of 3 months and 4 months of expenditure from unrestricted funds, as set out in the budget. Secured long term liabilities have not been deducted in calculating reserves because they are repayable under the terms of a set repayment schedule. These payments themselves are included in planned expenditure. Under this definition, reserves stood at £255,599 at 31 March 2018 (2017 £277,553) which equates to approximately three months. The Board has the policy under regular review. Reserves fell below our desired policy due to cash flow fluctuations, allocation of restricted funds for the cottage and irrecoverable VAT.

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Statement of financial activities incorporating income and expenditure account
For the year ended 31 March 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income and endowments from:					
Donations and gifts		52,213	49,035	101,248	82,612
Shop, café and accommodation contributions	1	1,074,724	-	1,074,724	977,357
Investments		61,027	-	61,027	72,820
Total income and endowments		1,187,964	49,035	1,236,999	1,132,789
Expenditure on:					
Shops, cafe and Companion support costs	2	1,116,962	19,647	1,136,609	1,060,818
Total expenditure		1,116,962	19,647	1,136,609	1,060,818
Net income before other recognised gains and losses		71,002	29,388	100,390	71,971
Net movement in funds		71,002	29,388	100,390	71,971
Reconciliation of funds:					
Total funds brought forward		958,654	8,065	966,719	894,748
Total funds carried forward		1,029,656	37,453	1,067,109	966,719

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Balance sheet
As at 31 March 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets			873,988		823,640
Current assets					
Debtors	4	59,375		65,933	
Cash at bank and in hand		<u>378,021</u>		<u>346,241</u>	
		437,396		412,174	
Creditors: amounts falling due within one year	5	<u>(141,880)</u>		<u>(126,556)</u>	
Net current assets			<u>295,516</u>		<u>285,618</u>
Total assets less current liabilities			1,169,504		1,109,258
Creditors: amounts falling due after more than one year	6		<u>(102,395)</u>		<u>(142,539)</u>
Net assets			<u>1,067,109</u>		<u>966,719</u>
Charity Funds					
Restricted funds			37,453		8,065
Unrestricted funds			<u>1,029,656</u>		<u>958,654</u>
Total funds			<u>1,067,109</u>		<u>966,719</u>

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Summarised notes to the financial statements

1. Analysis of income from charitable activities by type of income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Shop income	646,226	-	646,226	581,511
Cafe income	122,514	-	122,514	112,354
Accommodation contributions	305,984	-	305,984	283,492
	<u>1,074,724</u>	<u>-</u>	<u>1,074,724</u>	<u>977,357</u>

2. Analysis of Expenditure by expenditure type

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Shops, Cafe and Companion support costs	<u>346,294</u>	<u>60,116</u>	<u>730,199</u>	<u>1,136,609</u>	<u>1,060,818</u>
Total 2017	<u>341,762</u>	<u>51,326</u>	<u>667,730</u>	<u>1,060,818</u>	

3. Support costs

	Shops, Cafe and Companion £	Total 2018 £	Total 2017 £
Premises costs	175,088	175,088	140,245
Management and administration	58,503	58,503	61,820
Solidarity	34,998	34,998	32,253
Audit and accountancy fees	5,725	5,725	5,650
VAT annual adjustment	16,779	16,779	520
Wages and salaries	183,603	183,603	189,117
National insurance	15,393	15,393	15,646
Pension cost	11,642	11,642	7,882
Depreciation	60,116	60,116	51,326
	<u>561,847</u>	<u>561,847</u>	<u>504,459</u>

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4. Debtors

	2018	2017
	£	£
Trade debtors	3,031	4,147
Taxes and social security costs	2,454	7,403
Other debtors	11,486	13,383
Prepayments and accrued income	42,404	41,000
	<u>59,375</u>	<u>65,933</u>

5. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Bank loan	6,634	6,235
Quaker Housing Trust loan	3,209	3,209
Emmaus UK loan	10,000	-
Trade creditors	47,765	65,895
Other taxation and social security	10,741	9,333
Other creditors	28,886	24,649
Accruals	34,645	17,235
	<u>141,880</u>	<u>126,556</u>

6. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Bank loan	92,765	99,700
Quaker Housing Trust loan	9,630	12,839
Emmaus UK loan	-	30,000
	<u>102,395</u>	<u>142,539</u>

Approved by the Trustees on _____

And signed on behalf by:

Dr G Jones OBE DL
 Chair of Trustees
 Sussex Emmaus
 Drove Road
 Portslade by Sea
 Brighton
 BN41 2PA