

**REGISTERED COMPANY NUMBER: 07400060 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1139983**

**CHANGING LIVES TOGETHER**  
**REPORT OF THE TRUSTEES AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

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 31 December 2022. 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**

##### **Overview**

We are a Social Enterprise committed to delivering meaningful environmental, social and community impact and making a difference to the people of Cheshire. We provide creative solutions to social and environmental issues. Structured as a charitable company, we aim to be financially sustainable through enterprise but our social impacts (the way we help change people's lives) are at the core of why we do what we do.

We work extensively within our community to support people through a variety of work, training and volunteering programmes for long term unemployed, those with learning difficulties, ex-offenders, vulnerable, disabled and the excluded and isolated. We help give back that self-esteem that is often lost when Life's difficulties get on top of us.

##### **Operational and retail**

##### **Affordable furniture, paint and appliances**

Our warehouse team continued throughout the year to help the environment by collecting domestic Bulky Waste to reuse and recycle items that would otherwise be sent to landfill or other waste destinations. We work with our membership organisation, the Reuse Network, in providing "take-back" schemes for a number of national retailers where we help reduce waste as well as bringing damaged and "orphan" items back in to use. These activities of repair and "up-cycling" provide work placement opportunities for the individuals we support. This saved consumers over £500,000 in buying preloved instead of new.

##### **Emergency assistance**

We operate contracts with Local Authorities and Housing Associations to provide their welfare assistance schemes. We supply starter packs, furniture and white goods to hundreds of people and families in need every year in Cheshire East, Cheshire West & Chester and Warrington. These schemes ensure those in need gain access to essential household items and receive an efficient delivery and installation process. In 2022, we supported over 5,000 families.

##### **Bulky waste**

Not all large household waste goes to landfill. We are proud to support Cheshire West Recycling Limited and Warrington Borough Council in collecting bulky domestic waste - and we try and repair, reuse and recycle as much as we can, last year we collected nearly 7000 products, reusing or recycling 49%.

##### **Community engagement**

Our Buddying and Befriending scheme has been successful in securing a grant from The National Lottery Community Fund from April 21 for a period of 3 years. This has enabled us to continue our great work helping those who are over 50 living across Cheshire West and Cheshire East and are experiencing loneliness and social isolation. The service delivers 300 matches between volunteers and clients each year.

Throughout the year our team of Family Support continued their exceptional work in their school placements helping to help improve attendance, behaviour and achievement. They focus on early intervention, helping parents to develop the necessary coping skills and helping them to access a broad range of services. If our team can't help, they will put families in touch with somebody who can and arrange introductions.

## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **The Cheshire Food Hub now rebranded as The Very Green Grocery**

Since starting out in 2020, the food hub has gone from strength to strength in its provision and distribution of surplus food across Cheshire West. Utilising two vehicles we are collecting tonnes of surplus food across Cheshire, last year alone we calculate over 13,000 individual shops took place saving customers £250,000 in food costs and reducing carbon emissions by 500 tonnes of food intended for landfill.

In November 2022 we rebranded our community grocery to ensure an attractive shopping environment, protecting the dignity of our customers and we are now serving an average of 100 shoppers per session, 3 times a week. Our shoppers pay £5 a shop and take away around £20-£25 of food, helping them stretch their budgets whilst reducing food waste. With the of living crisis this service has seen a huge increase in demand and we are working hard with our partners to secure food for the whole community.

The other part of the work at the hub is the bringing together of volunteering opportunities. From warehousing, distribution, box projects, shop support, café service, gardening projects and building maintenance there is something for everyone. We have seen over 300 hundred volunteers come through the hub. Each one of our volunteers has been passionate about supporting their community.

Our site at Lostock has also been opened Monday to Friday with Community Café offering low-cost hot food, the site now functions fully as a Community Centre open for use by partners and community groups. In 2023 we will also acquire another site in Winsford to open a second Very Green Grocery and Community Centre.

Further more CLT is exploring the opportunity to provide surplus food distribution to the whole of Cheshire through a dedicated warehouse facility.

#### **Community transport branded as Yourbus**

We operate our Community Transport minibus services (Yourbus), which is contracted by Cheshire West and Chester Council. The services we provide are Home to School, Adult Social Care, Dial A Ride and other contracts as required. These services provide, either free or subsidised, access to schools, care centres, the high street, leisure and other services for members of the community who might otherwise miss out.

At the end of 2022 we relocated the service from offices in Northwich to our Head Office at Winsford, this enabled us to reduce running costs as well as providing more secure storage of vehicles.

With over 2,000 schools trips and over 3,000 adult social care trips, the team transported over 10,000 passengers in 2022.

#### **How many lives did we change in 2022?**

We made a difference to our community by:

- Arranging thousands of Community Transport journeys;
- Providing affordable furniture, electrical items, beds and bedding through our shops;
- Supporting the distribution of surplus food prevents landfill and feeds people in a cost of living crisis.
- Helping hundreds of people with a Buddy & Befriending pairs to reduce loneliness and isolation amongst the over 50's;
- Supporting many families in crisis across Cheshire and Warrington (working with 3 Local Authorities and their Local Welfare Assistance Schemes);
- Giving our people employment, training and development opportunities.

And we made a difference to the environment by:

- Saving over 6,000 items - furniture, appliances, paint & electrical waste - from landfill;
- Saving over 45,000 tons of CO2 from our atmosphere, including the cost of production of new equivalent goods instead of preloved ;
- Supporting 7,500 families with furniture and white goods.
- Our collective services saved consumers over £1 million pounds from our homewares and food supply.

All of this has only been possible by the hard work, sacrifice and dedication of so many of our people - staff, volunteers and friends - and donors and funding partners, particularly in local government. The trustees sincerely thank you all.

## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL REVIEW**

##### **Financial position**

Our long-term policy has been to stand on our own feet with sustainable results and without excessive dependence on grant income. We reinvest when we can in our people and we are slowly building our reserves to a normal level for a charity of our size and complexity.

Total income in 2022 was £2,443,079 (2021 £2,582,394) and the charity incurred a deficit of £76,082 (2021 a surplus of £224,190).

##### **Investment policy**

Available funds are transferred to interest bearing bank or building society accounts to maximise returns.

##### **Reserves policy**

The Trustees have agreed that the appropriate level of unrestricted liquid reserves should be sufficient to cover 3 months of routine expenditure i.e. to provide working capital to cover delays in the receipt of payments and grants and to provide a cushion for unexpected emergencies.

We are close to achieving this. Our reserves at 31 December 2022 were £485,663.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

Changing Lives in Cheshire (charity 1139983 and company 07400060) was incorporated on 7 October 2010 and commenced trading on the same date. The principal governing document is the Articles of Association adopted on 21 March 2019.

The objects of the charity are:

- 1 The relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage, in particular but not exclusively, by the provision of affordable furniture, recycled and reused items and the provision of training, voluntary positions and work experience.
- 2 The protection and preservation of the physical and natural environment in particular but not exclusively by the promotion of sustainable waste management practices.
- 3 To provide transport facilities in particular but not exclusively in Cheshire and the surrounding area for people who have special need of such facilities because they are elderly, poor or disabled, people with young children or those living in isolated areas where there are no adequate public transport facilities.

##### **Recruitment and appointment of new trustees**

We have a written policy for the recruitment and induction of new trustees that gives all candidates a fair chance to see us in action and to deliver efficient support on appointment.

##### **Management and governance**

We continue to develop our Management and Governance structures.

##### **Risk management**

The trustees have regard to the Charities Commission guidance on Public Benefit and a robust approach to Risk Management. The trustees monitor risk by ensuring that the identification, assessment and mitigation of risk is linked to the achievement of the charity's operational objectives.

The trustee board at each meeting reviews Health and Safety performance, Safeguarding and Management Information (financial and operational) with a review of current and future obligations. The trustee board also reviews the financial impact of risk as part of operational budget planning and monitoring. Full consideration is given to the risks attached to significant new activities or opportunities, as is risk associated with external factors such as new legislation or new requirements from funders.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Registered Company number**

07400060 (England and Wales)

##### **Registered Charity number**

1139983

## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Registered office**

Unit 12 Road Two  
Winsford Industrial Estate  
Winsford  
Cheshire  
CW7 3QL

#### **Trustees**

B M Clarke  
H E L Dilliwaiy-Nickson  
B G Dunn  
H C Kinsey (appointed 23.8.22)  
P Price  
S T Taylor  
S M Tilling

#### **Auditors**

Murray Smith LLP  
Chartered Accountants  
Statutory Auditors  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire  
CW8 1AU

#### **Solicitors**

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

#### **Bankers**

Santander UK plc  
Bridle Road  
Merseyside  
L30 4GB

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Changing Lives Together 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;
- 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.

## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **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, Murray Smith LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 15 June 2023 and signed on its behalf by:

B G Dunn - Trustee

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHANGING LIVES TOGETHER (REGISTERED NUMBER: 07400060)**

### **Opinion**

We have audited the financial statements of Changing Lives Together (the 'charitable company') for the year ended 31 December 2022 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 31 December 2022 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.

### **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 CHANGING LIVES TOGETHER (REGISTERED NUMBER: 07400060)**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The audit procedures designed to identify irregularities included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims
- Enquiry of company staff with responsibilities for compliance matters to identify any instances of non-compliance with laws and regulations
- Reviewing any minutes available of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, intentional misrepresentations or through collusion.

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](http://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  
CHANGING LIVES TOGETHER (REGISTERED NUMBER: 07400060)**

**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.

M G Benson (Senior Statutory Auditor)  
for and on behalf of Murray Smith LLP  
Chartered Accountants  
Statutory Auditors  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire  
CW8 1AU

Date: .....

# CHANGING LIVES TOGETHER

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	3	3,791	-	3,791	7,229
<b>Charitable activities</b>					
Charitable activities	6	579,378	302,924	882,302	1,134,716
Other trading activities	4	1,536,732	-	1,536,732	1,372,767
Investment income	5	17,093	-	17,093	4,656
Other income		3,161	-	3,161	63,026
<b>Total</b>		<u>2,140,155</u>	<u>302,924</u>	<u>2,443,079</u>	<u>2,582,394</u>
<b>EXPENDITURE ON</b>					
Raising funds	7	1,438,461	-	1,438,461	952,395
<b>Charitable activities</b>					
Charitable activities	8	<u>792,636</u>	<u>288,064</u>	<u>1,080,700</u>	<u>1,405,809</u>
<b>Total</b>		<u>2,231,097</u>	<u>288,064</u>	<u>2,519,161</u>	<u>2,358,204</u>
<b>NET INCOME/(EXPENDITURE)</b>		(90,942)	14,860	(76,082)	224,190
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		561,745	-	561,745	337,555
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>470,803</u></u>	<u><u>14,860</u></u>	<u><u>485,663</u></u>	<u><u>561,745</u></u>

The notes form part of these financial statements

# CHANGING LIVES TOGETHER

## BALANCE SHEET 31 DECEMBER 2022

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	15	14,563	-	14,563	22,487
Investments	16	-	-	-	3
		<u>14,563</u>	<u>-</u>	<u>14,563</u>	<u>22,490</u>
<b>CURRENT ASSETS</b>					
Stocks	17	92,751	-	92,751	108,634
Debtors	18	216,030	9,833	225,863	202,093
Cash at bank		<u>499,971</u>	<u>74,214</u>	<u>574,185</u>	<u>608,449</u>
		808,752	84,047	892,799	919,176
<b>CREDITORS</b>					
Amounts falling due within one year	19	(263,318)	(69,187)	(332,505)	(256,476)
		<u>545,434</u>	<u>14,860</u>	<u>560,294</u>	<u>662,700</u>
<b>NET CURRENT ASSETS</b>					
		545,434	14,860	560,294	662,700
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		559,997	14,860	574,857	685,190
<b>CREDITORS</b>					
Amounts falling due after more than one year	20	(89,194)	-	(89,194)	(123,445)
		<u>470,803</u>	<u>14,860</u>	<u>485,663</u>	<u>561,745</u>
<b>NET ASSETS</b>					
		470,803	14,860	485,663	561,745
<b>FUNDS</b>	23				
Unrestricted funds				470,803	561,745
Restricted funds				<u>14,860</u>	<u>-</u>
<b>TOTAL FUNDS</b>				<u>485,663</u>	<u>561,745</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 15 June 2023 and were signed on its behalf by:

B G Dunn - Trustee

## CHANGING LIVES TOGETHER

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	10,561	214,317
Interest paid		(12,293)	(8,298)
Net cash (used in)/provided by operating activities		(1,732)	206,019
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(3,228)	(1,148)
Interest received		3,200	421
Net cash used in investing activities		(28)	(727)
<b>Cash flows from financing activities</b>			
New loans in year		-	79,653
Loan repayments in year		(32,504)	(32,119)
Net cash (used in)/provided by financing activities		(32,504)	47,534
<b>Change in cash and cash equivalents in the reporting period</b>		(34,264)	252,826
<b>Cash and cash equivalents at the beginning of the reporting period</b>		608,449	355,623
<b>Cash and cash equivalents at the end of the reporting period</b>		574,185	608,449

The notes form part of these financial statements

## CHANGING LIVES TOGETHER

### NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
<b>Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)</b>	(76,082)	224,190
<b>Adjustments for:</b>		
Depreciation charges	11,152	14,079
Losses on investments	3	-
Interest received	(3,200)	(421)
Interest paid	12,293	8,298
Decrease/(increase) in stocks	15,883	(17,505)
(Increase)/decrease in debtors	(23,770)	142,297
Increase/(decrease) in creditors	74,282	(156,621)
<b>Net cash provided by operations</b>	<u>10,561</u>	<u>214,317</u>

#### 2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22 £	Cash flow £	At 31.12.22 £
<b>Net cash</b>			
Cash at bank	<u>608,449</u>	<u>(34,264)</u>	<u>574,185</u>
	<u>608,449</u>	<u>(34,264)</u>	<u>574,185</u>
<b>Debt</b>			
Debts falling due within 1 year	(32,504)	(1,747)	(34,251)
Debts falling due after 1 year	<u>(123,445)</u>	<u>34,251</u>	<u>(89,194)</u>
	<u>(155,949)</u>	<u>32,504</u>	<u>(123,445)</u>
<b>Total</b>	<u>452,500</u>	<u>(1,760)</u>	<u>450,740</u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. STATUTORY INFORMATION

Changing Lives Together is a private company, limited by guarantee, registered in England and Wales. The company's registered number, registered charity number and registered office can be found in the Reference and Administrative Details section of the Trustees' Report.

The presentation currency of the financial statements is in Pounds Sterling (£).

#### 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 201) '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) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Changing Lives Together meets the definition of a public benefit entity under FRS 102.

##### **Going concern**

The charitable company meets its day to day working capital requirements through its cash resources and available loan facilities. The trustees have reviewed current and forecast activity and cash requirements for a period of at least 12 months from the date of the signing of the financial statements which show, taking into account reasonably possible changes in performance, that the charitable company should be able to operate within its available cash resources. After making enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Income**

The policies adopted for the recognition of income are as follows:

##### **Sale of goods**

Income from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of income can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

##### **Rendering of services**

When the outcome of a transaction can be estimated reliably, income is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to a notable milestone.

Where the outcome cannot be measured reliably, income is recognised only to the extent of the expenses recognised that are recoverable.

##### **Grants**

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, and performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

##### **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.

##### **Goodwill**

Goodwill relates to the amount paid in connection with the acquisitions of a business, and is now fully amortised.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Plant and machinery	- 20% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost

**Stocks**

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

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition. Stocks of unsold donated goods are valued only at the cost of bringing the items to their present location as it is not considered practical to estimate the fair value due to their cost being nil and their value is uncertain until sold.

**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.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The charitable company makes contribution to employees' pension schemes. Contributions payable are charged to the Statement of Financial Activities in the period to which they relate.

**Short term debtors and creditors**

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, cash held with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.



## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. DONATIONS AND LEGACIES

	2022	2021
	£	£
Donations	3,791	7,229

#### 4. OTHER TRADING ACTIVITIES

	2022	2021
	£	£
Shop income	1,171,750	1,038,429
Waste credits, recycling, scrap and waste collection	362,622	327,138
Training and work experience	2,360	7,200
	<u>1,536,732</u>	<u>1,372,767</u>

#### 5. INVESTMENT INCOME

	2022	2021
	£	£
Rents received	13,893	4,235
Interest receivable	3,200	421
	<u>17,093</u>	<u>4,656</u>

#### 6. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2022	2021
		£	£
Transport	Charitable activities	445,270	416,723
Grants	Charitable activities	437,032	717,993
		<u>882,302</u>	<u>1,134,716</u>

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

	2022	2021
	£	£
General fund	134,108	242,105
Buddying & befriending	3,808	-
Break free grant	5,096	9,608
BSOG	6,400	-
DEFRA - Food hub	-	32,385
Edsential community	-	147,691
Family support	63,986	94,851
Food hub grant	34,293	-
Groundworks	33,370	33,000
Kitchen grant	2,950	-
Love Lostock Cheshire Food hub	1,000	-
National lottery community fund	79,224	91,943
Sanctuary housing	1,500	-
Slowcooker grant	20,600	37,903
Kickstart training	2,360	-
Ukraine project grant	1,550	-
Wellbeing	31,308	28,507
Winter household fund	15,479	-
	<u>437,032</u>	<u>717,993</u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7. RAISING FUNDS

##### Other trading activities

	2022	2021
	£	£
Opening stock	108,634	91,129
Purchases	569,034	689,860
Closing stock	(92,751)	(108,634)
Staff costs	605,584	-
Hire of plant and machinery	9,081	7,437
Licensing	1,542	4,129
Bad debts	(12,000)	12,000
Vehicle hire	56,951	60,424
Motor expenses	48,104	72,014
Sub contractors	-	81,427
Other direct costs	104,338	42,609
Property repairs	39,941	-
Impairment losses	3	-
	<u>1,438,461</u>	<u>952,395</u>

In the prior period all staff costs were disclosed under charitable activities.

#### 8. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 9) £	Totals £
Charitable activities	<u>1,040,500</u>	<u>40,200</u>	<u>1,080,700</u>

#### 9. SUPPORT COSTS

	Finance £	Governance costs £	Totals £
Charitable activities	<u>13,236</u>	<u>26,964</u>	<u>40,200</u>

#### 10. NET INCOME/(EXPENDITURE)

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

	2022	2021
	£	£
Auditors' remuneration - current year	8,500	17,622
Auditors' remuneration - accountancy services	4,000	-
Auditors' remuneration - assurance services	450	-
Auditors' remuneration - prior year	4,750	-
Depreciation - owned assets	11,152	14,079
Hire of plant and machinery	9,081	7,437
Other operating leases	<u>65,035</u>	<u>156,088</u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2022 nor for the year ended 31 December 2021.

##### Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2022 nor for the year ended 31 December 2021.

#### 12. STAFF COSTS

	2022 £	2021 £
Wages and salaries	1,194,038	1,081,578
Social security costs	69,649	57,096
Other pension costs	16,005	16,995
	<u>1,279,692</u>	<u>1,155,669</u>

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

	2022	2021
Management team	4	5
Warehouse/reuse	28	24
Administrative	5	9
Retail	4	5
Community hubs	3	3
Community engagement	9	12
Community transport	20	17
	<u>73</u>	<u>75</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
£60,001 - £70,000	<u>1</u>	<u>-</u>

Total emoluments for key management personnel totalled £241,616 (2021: £197,808).

#### 13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	7,229	-	7,229
<b>Charitable activities</b>			
Charitable activities	658,828	475,888	1,134,716
Other trading activities	1,372,767	-	1,372,767
Investment income	4,656	-	4,656
Other income	63,026	-	63,026
<b>Total</b>	<u>2,106,506</u>	<u>475,888</u>	<u>2,582,394</u>

# CHANGING LIVES TOGETHER

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

### 13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
<b>EXPENDITURE ON</b>			
Raising funds	952,395	-	952,395
<b>Charitable activities</b>			
Charitable activities	929,921	475,888	1,405,809
<b>Total</b>	<u>1,882,316</u>	<u>475,888</u>	<u>2,358,204</u>
<b>NET INCOME</b>	224,190	-	224,190
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	337,555	-	337,555
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>561,745</u></u>	<u><u>-</u></u>	<u><u>561,745</u></u>

### 14. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 January 2022 and 31 December 2022	<u>6,157</u>
<b>AMORTISATION</b>	
At 1 January 2022 and 31 December 2022	<u>6,157</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

# CHANGING LIVES TOGETHER

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

### 15. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2022	60,026	6,791	33,297	100,114
Additions	1,896	-	1,332	3,228
At 31 December 2022	61,922	6,791	34,629	103,342
<b>DEPRECIATION</b>				
At 1 January 2022	39,413	6,521	31,693	77,627
Charge for year	8,922	229	2,001	11,152
At 31 December 2022	48,335	6,750	33,694	88,779
<b>NET BOOK VALUE</b>				
At 31 December 2022	13,587	41	935	14,563
At 31 December 2021	20,613	270	1,604	22,487

### 16. FIXED ASSET INVESTMENTS

There were no investment assets outside the UK.

The charity owned 100% of the Ordinary share capital in the below three companies. Each of the companies has been dormant from incorporation.

- Changing Lives in Cheshire Limited (11935815) - Dissolved 21/02/2023
- Changing Lives in Ellesmere Port Limited (11534973) - Dissolved 21/02/2023
- Changing Lives in Warrington Limited (09842887) - Dissolved 21/02/2023

### 17. STOCKS

	2022 £	2021 £
Stocks	92,751	108,634

### 18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	190,840	167,356
Other debtors	12,464	10,352
Prepayments and accrued income	22,559	24,385
	225,863	202,093

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Other loans (see note 21)	34,251	32,504
Trade creditors	103,735	46,635
Social security and other taxes	22,697	26,882
VAT	18,361	6,556
Other creditors	20,022	2,920
Deposits held on account	16,897	22,723
Accruals and deferred income	116,542	118,256
	<u>332,505</u>	<u>256,476</u>

#### 20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Other loans (see note 21)	<u>89,194</u>	<u>123,445</u>

#### 21. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>34,251</u>	<u>32,504</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>36,120</u>	<u>34,251</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>53,074</u>	<u>89,194</u>

#### 22. LEASING AGREEMENTS

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

	2022	2021
	£	£
Within one year	97,211	56,190
Between one and five years	211,603	217,800
In more than five years	-	117,975
	<u>308,814</u>	<u>391,965</u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23. MOVEMENT IN FUNDS

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
<b>Unrestricted funds</b>			
General fund	561,745	(90,942)	470,803
<b>Restricted funds</b>			
Food Hub Grant	-	14,860	14,860
<b>TOTAL FUNDS</b>	<u>561,745</u>	<u>(76,082)</u>	<u>485,663</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	2,140,155	(2,231,097)	(90,942)
<b>Restricted funds</b>			
Break Free Grant	5,096	(5,096)	-
Groundworks	33,370	(33,370)	-
Family Support	63,986	(63,986)	-
National Lottery Community Fund	79,224	(79,224)	-
Wellbeing	31,308	(31,308)	-
Slowcooker Grant	20,600	(20,600)	-
BSOG	1,833	(1,833)	-
Food Hub Grant	38,860	(24,000)	14,860
Buddying & Befriending	3,808	(3,808)	-
Winter Household Fund	15,479	(15,479)	-
Sanctuary Housing	1,500	(1,500)	-
Love Lostock Cheshire Food Hub	1,000	(1,000)	-
Kitchen Grant	2,950	(2,950)	-
Kickstart Training	2,360	(2,360)	-
Ukraine Project Grant	1,550	(1,550)	-
	<u>302,924</u>	<u>(288,064)</u>	<u>14,860</u>
<b>TOTAL FUNDS</b>	<u>2,443,079</u>	<u>(2,519,161)</u>	<u>(76,082)</u>

#### Comparatives for movement in funds

	At 1.1.21 £	Net movement in funds £	At 31.12.21 £
<b>Unrestricted funds</b>			
General fund	337,555	224,190	561,745
<b>TOTAL FUNDS</b>	<u>337,555</u>	<u>224,190</u>	<u>561,745</u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	2,106,506	(1,882,316)	224,190
<b>Restricted funds</b>			
Break Free Grant	9,608	(9,608)	-
Groundworks	33,000	(33,000)	-
Family Support	94,851	(94,851)	-
National Lottery Community Fund	91,943	(91,943)	-
Edsential Community	147,691	(147,691)	-
DEFRA - Food Hub	32,385	(32,385)	-
Wellbeing	28,507	(28,507)	-
Slowcooker Grant	37,903	(37,903)	-
	<u>475,888</u>	<u>(475,888)</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u><u>2,582,394</u></u>	<u><u>(2,358,204)</u></u>	<u><u>224,190</u></u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.1.21 £	Net movement in funds £	At 31.12.22 £
<b>Unrestricted funds</b>			
General fund	337,555	133,248	470,803
<b>Restricted funds</b>			
Food Hub Grant	-	14,860	14,860
	<u>-</u>	<u>14,860</u>	<u>14,860</u>
<b>TOTAL FUNDS</b>	<u><u>337,555</u></u>	<u><u>148,108</u></u>	<u><u>485,663</u></u>



## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	4,246,661	(4,113,413)	133,248
<b>Restricted funds</b>			
Break Free Grant	14,704	(14,704)	-
Groundworks	66,370	(66,370)	-
Family Support	158,837	(158,837)	-
National Lottery Community Fund	171,167	(171,167)	-
Edsential Community	147,691	(147,691)	-
DEFRA - Food Hub	32,385	(32,385)	-
Wellbeing	59,815	(59,815)	-
Slowcooker Grant	58,503	(58,503)	-
BSOG	1,833	(1,833)	-
Food Hub Grant	38,860	(24,000)	14,860
Buddying & Befriending	3,808	(3,808)	-
Winter Household Fund	15,479	(15,479)	-
Sanctuary Housing	1,500	(1,500)	-
Love Lostock Cheshire Food Hub	1,000	(1,000)	-
Kitchen Grant	2,950	(2,950)	-
Kickstart Training	2,360	(2,360)	-
Ukraine Project Grant	1,550	(1,550)	-
	<u>778,812</u>	<u>(763,952)</u>	<u>14,860</u>
<b>TOTAL FUNDS</b>	<u><u>5,025,473</u></u>	<u><u>(4,877,365)</u></u>	<u><u>148,108</u></u>

#### 24. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2022.

## CHANGING LIVES TOGETHER

### DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>INCOME AND ENDOWMENTS</b>		
<b>Donations and legacies</b>		
Donations	3,791	7,229
<b>Other trading activities</b>		
Shop income	1,171,750	1,038,429
Waste credits, recycling, scrap and waste collection	362,622	327,138
Training and work experience	2,360	7,200
	<hr/> 1,536,732	<hr/> 1,372,767
<b>Investment income</b>		
Rents received	13,893	4,235
Interest receivable	3,200	421
	<hr/> 17,093	<hr/> 4,656
<b>Charitable activities</b>		
Transport	445,270	416,723
Grants	437,032	717,993
	<hr/> 882,302	<hr/> 1,134,716
<b>Other income</b>		
Other income	3,161	63,026
	<hr/> 3,161	<hr/> 63,026
<b>Total incoming resources</b>	<hr/> 2,443,079	<hr/> 2,582,394
<b>EXPENDITURE</b>		
<b>Other trading activities</b>		
Opening stock	108,634	91,129
Purchases	569,034	689,860
Wages	605,584	-
Hire of plant and machinery	9,081	7,437
Licensing	1,542	4,129
Bad debts	(12,000)	12,000
Vehicle hire	56,951	60,424
Motor expenses	48,104	72,014
Sub contractors	-	81,427
Other direct costs	104,338	42,609
Property repairs	39,941	-
Impairment losses for fixed asset investments	3	-
Closing stock	(92,751)	(108,634)
	<hr/> 1,438,461	<hr/> 952,395
<b>Charitable activities</b>		
Wages	588,454	1,081,578
Carried forward	588,454	1,081,578

This page does not form part of the statutory financial statements

## CHANGING LIVES TOGETHER

### DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>Charitable activities</b>		
Brought forward	588,454	1,081,578
Social security	69,649	57,096
Pensions	16,005	16,995
Other operating leases	65,035	156,088
Direct costs	290,205	47,883
Plant and machinery	8,922	5,455
Fixtures and fittings	229	229
Computer equipment	2,001	8,395
	<hr/> 1,040,500	<hr/> 1,373,719
<b>Support costs</b>		
<b>Finance</b>		
Bank charges	943	-
Bank interest	3,730	2,309
Bank loan interest	8,563	5,989
	<hr/> 13,236	<hr/> 8,298
<b>Governance costs</b>		
Auditors' remuneration - current year	12,950	17,622
Auditors' remuneration - prior year	4,750	-
Other governance costs	9,264	6,170
	<hr/> 26,964	<hr/> 23,792
Total resources expended	<hr/> 2,519,161	<hr/> 2,358,204
<b>Net (expenditure)/income</b>	<hr/> <hr/> (76,082)	<hr/> <hr/> 224,190

**REGISTERED COMPANY NUMBER: 07400060 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1139983**

**CHANGING LIVES TOGETHER**  
**REPORT OF THE TRUSTEES AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

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 31 December 2022. 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**

##### **Overview**

We are a Social Enterprise committed to delivering meaningful environmental, social and community impact and making a difference to the people of Cheshire. We provide creative solutions to social and environmental issues. Structured as a charitable company, we aim to be financially sustainable through enterprise but our social impacts (the way we help change people's lives) are at the core of why we do what we do.

We work extensively within our community to support people through a variety of work, training and volunteering programmes for long term unemployed, those with learning difficulties, ex-offenders, vulnerable, disabled and the excluded and isolated. We help give back that self-esteem that is often lost when Life's difficulties get on top of us.

##### **Operational and retail**

###### **Affordable furniture, paint and appliances**

Our warehouse team continued throughout the year to help the environment by collecting domestic Bulky Waste to reuse and recycle items that would otherwise be sent to landfill or other waste destinations. We work with our membership organisation, the Reuse Network, in providing "take-back" schemes for a number of national retailers where we help reduce waste as well as bringing damaged and "orphan" items back in to use. These activities of repair and "up-cycling" provide work placement opportunities for the individuals we support. This saved consumers over £500,000 in buying preloved instead of new.

###### **Emergency assistance**

We operate contracts with Local Authorities and Housing Associations to provide their welfare assistance schemes. We supply starter packs, furniture and white goods to hundreds of people and families in need every year in Cheshire East, Cheshire West & Chester and Warrington. These schemes ensure those in need gain access to essential household items and receive an efficient delivery and installation process. In 2022, we supported over 5,000 families.

###### **Bulky waste**

Not all large household waste goes to landfill. We are proud to support Cheshire West Recycling Limited and Warrington Borough Council in collecting bulky domestic waste - and we try and repair, reuse and recycle as much as we can, last year we collected nearly 7000 products, reusing or recycling 49%.

###### **Community engagement**

Our Buddying and Befriending scheme has been successful in securing a grant from The National Lottery Community Fund from April 21 for a period of 3 years. This has enabled us to continue our great work helping those who are over 50 living across Cheshire West and Cheshire East and are experiencing loneliness and social isolation. The service delivers 300 matches between volunteers and clients each year.

Throughout the year our team of Family Support continued their exceptional work in their school placements helping to help improve attendance, behaviour and achievement. They focus on early intervention, helping parents to develop the necessary coping skills and helping them to access a broad range of services. If our team can't help, they will put families in touch with somebody who can and arrange introductions.

## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **The Cheshire Food Hub now rebranded as The Very Green Grocery**

Since starting out in 2020, the food hub has gone from strength to strength in its provision and distribution of surplus food across Cheshire West. Utilising two vehicles we are collecting tonnes of surplus food across Cheshire, last year alone we calculate over 13,000 individual shops took place saving customers £250,000 in food costs and reducing carbon emissions by 500 tonnes of food intended for landfill.

In November 2022 we rebranded our community grocery to ensure an attractive shopping environment, protecting the dignity of our customers and we are now serving an average of 100 shoppers per session, 3 times a week. Our shoppers pay £5 a shop and take away around £20-£25 of food, helping them stretch their budgets whilst reducing food waste. With the of living crisis this service has seen a huge increase in demand and we are working hard with our partners to secure food for the whole community.

The other part of the work at the hub is the bringing together of volunteering opportunities. From warehousing, distribution, box projects, shop support, café service, gardening projects and building maintenance there is something for everyone. We have seen over 300 hundred volunteers come through the hub. Each one of our volunteers has been passionate about supporting their community.

Our site at Lostock has also been opened Monday to Friday with Community Café offering low-cost hot food, the site now functions fully as a Community Centre open for use by partners and community groups. In 2023 we will also acquire another site in Winsford to open a second Very Green Grocery and Community Centre.

Further more CLT is exploring the opportunity to provide surplus food distribution to the whole of Cheshire through a dedicated warehouse facility.

#### **Community transport branded as Yourbus**

We operate our Community Transport minibus services (Yourbus), which is contracted by Cheshire West and Chester Council. The services we provide are Home to School, Adult Social Care, Dial A Ride and other contracts as required. These services provide, either free or subsidised, access to schools, care centres, the high street, leisure and other services for members of the community who might otherwise miss out.

At the end of 2022 we relocated the service from offices in Northwich to our Head Office at Winsford, this enabled us to reduce running costs as well as providing more secure storage of vehicles.

With over 2,000 schools trips and over 3,000 adult social care trips, the team transported over 10,000 passengers in 2022.

#### **How many lives did we change in 2022?**

We made a difference to our community by:

- Arranging thousands of Community Transport journeys;
- Providing affordable furniture, electrical items, beds and bedding through our shops;
- Supporting the distribution of surplus food prevents landfill and feeds people in a cost of living crisis.
- Helping hundreds of people with a Buddy & Befriending pairs to reduce loneliness and isolation amongst the over 50's;
- Supporting many families in crisis across Cheshire and Warrington (working with 3 Local Authorities and their Local Welfare Assistance Schemes);
- Giving our people employment, training and development opportunities.

And we made a difference to the environment by:

- Saving over 6,000 items - furniture, appliances, paint & electrical waste - from landfill;
- Saving over 45,000 tons of CO2 from our atmosphere, including the cost of production of new equivalent goods instead of preloved ;
- Supporting 7,500 families with furniture and white goods.
- Our collective services saved consumers over £1 million pounds from our homewares and food supply.

All of this has only been possible by the hard work, sacrifice and dedication of so many of our people - staff, volunteers and friends - and donors and funding partners, particularly in local government. The trustees sincerely thank you all.

## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL REVIEW**

##### **Financial position**

Our long-term policy has been to stand on our own feet with sustainable results and without excessive dependence on grant income. We reinvest when we can in our people and we are slowly building our reserves to a normal level for a charity of our size and complexity.

Total income in 2022 was £2,443,079 (2021 £2,582,394) and the charity incurred a deficit of £76,082 (2021 a surplus of £224,190).

##### **Investment policy**

Available funds are transferred to interest bearing bank or building society accounts to maximise returns.

##### **Reserves policy**

The Trustees have agreed that the appropriate level of unrestricted liquid reserves should be sufficient to cover 3 months of routine expenditure i.e. to provide working capital to cover delays in the receipt of payments and grants and to provide a cushion for unexpected emergencies.

We are close to achieving this. Our reserves at 31 December 2022 were £485,663.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

Changing Lives in Cheshire (charity 1139983 and company 07400060) was incorporated on 7 October 2010 and commenced trading on the same date. The principal governing document is the Articles of Association adopted on 21 March 2019.

The objects of the charity are:

- 1 The relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage, in particular but not exclusively, by the provision of affordable furniture, recycled and reused items and the provision of training, voluntary positions and work experience.
- 2 The protection and preservation of the physical and natural environment in particular but not exclusively by the promotion of sustainable waste management practices.
- 3 To provide transport facilities in particular but not exclusively in Cheshire and the surrounding area for people who have special need of such facilities because they are elderly, poor or disabled, people with young children or those living in isolated areas where there are no adequate public transport facilities.

##### **Recruitment and appointment of new trustees**

We have a written policy for the recruitment and induction of new trustees that gives all candidates a fair chance to see us in action and to deliver efficient support on appointment.

##### **Management and governance**

We continue to develop our Management and Governance structures.

##### **Risk management**

The trustees have regard to the Charities Commission guidance on Public Benefit and a robust approach to Risk Management. The trustees monitor risk by ensuring that the identification, assessment and mitigation of risk is linked to the achievement of the charity's operational objectives.

The trustee board at each meeting reviews Health and Safety performance, Safeguarding and Management Information (financial and operational) with a review of current and future obligations. The trustee board also reviews the financial impact of risk as part of operational budget planning and monitoring. Full consideration is given to the risks attached to significant new activities or opportunities, as is risk associated with external factors such as new legislation or new requirements from funders.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Registered Company number**

07400060 (England and Wales)

##### **Registered Charity number**

1139983



## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Registered office**

Unit 12 Road Two  
Winsford Industrial Estate  
Winsford  
Cheshire  
CW7 3QL

#### **Trustees**

B M Clarke  
H E L Dilliwaiy-Nickson  
B G Dunn  
H C Kinsey (appointed 23.8.22)  
P Price  
S T Taylor  
S M Tilling

#### **Auditors**

Murray Smith LLP  
Chartered Accountants  
Statutory Auditors  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire  
CW8 1AU

#### **Solicitors**

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

#### **Bankers**

Santander UK plc  
Bridle Road  
Merseyside  
L30 4GB

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Changing Lives Together 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;
- 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.

## **CHANGING LIVES TOGETHER**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **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, Murray Smith LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 15 June 2023 and signed on its behalf by:

B G Dunn - Trustee

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHANGING LIVES TOGETHER (REGISTERED NUMBER: 07400060)**

### **Opinion**

We have audited the financial statements of Changing Lives Together (the 'charitable company') for the year ended 31 December 2022 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 31 December 2022 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.

### **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 CHANGING LIVES TOGETHER (REGISTERED NUMBER: 07400060)**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The audit procedures designed to identify irregularities included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims
- Enquiry of company staff with responsibilities for compliance matters to identify any instances of non-compliance with laws and regulations
- Reviewing any minutes available of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, intentional misrepresentations or through collusion.

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](http://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  
CHANGING LIVES TOGETHER (REGISTERED NUMBER: 07400060)**

**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.

M G Benson (Senior Statutory Auditor)  
for and on behalf of Murray Smith LLP  
Chartered Accountants  
Statutory Auditors  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire  
CW8 1AU

Date: .....

## CHANGING LIVES TOGETHER

### STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	3	3,791	-	3,791	7,229
<b>Charitable activities</b>					
Charitable activities	6	579,378	302,924	882,302	1,134,716
Other trading activities	4	1,536,732	-	1,536,732	1,372,767
Investment income	5	17,093	-	17,093	4,656
Other income		3,161	-	3,161	63,026
<b>Total</b>		<u>2,140,155</u>	<u>302,924</u>	<u>2,443,079</u>	<u>2,582,394</u>
<b>EXPENDITURE ON</b>					
Raising funds	7	1,438,461	-	1,438,461	952,395
<b>Charitable activities</b>					
Charitable activities	8	<u>792,636</u>	<u>288,064</u>	<u>1,080,700</u>	<u>1,405,809</u>
<b>Total</b>		<u>2,231,097</u>	<u>288,064</u>	<u>2,519,161</u>	<u>2,358,204</u>
<b>NET INCOME/(EXPENDITURE)</b>		(90,942)	14,860	(76,082)	224,190
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		561,745	-	561,745	337,555
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>470,803</u></u>	<u><u>14,860</u></u>	<u><u>485,663</u></u>	<u><u>561,745</u></u>

The notes form part of these financial statements

# CHANGING LIVES TOGETHER

## BALANCE SHEET 31 DECEMBER 2022

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	15	14,563	-	14,563	22,487
Investments	16	-	-	-	3
		<u>14,563</u>	<u>-</u>	<u>14,563</u>	<u>22,490</u>
<b>CURRENT ASSETS</b>					
Stocks	17	92,751	-	92,751	108,634
Debtors	18	216,030	9,833	225,863	202,093
Cash at bank		<u>499,971</u>	<u>74,214</u>	<u>574,185</u>	<u>608,449</u>
		808,752	84,047	892,799	919,176
<b>CREDITORS</b>					
Amounts falling due within one year	19	(263,318)	(69,187)	(332,505)	(256,476)
		<u>545,434</u>	<u>14,860</u>	<u>560,294</u>	<u>662,700</u>
<b>NET CURRENT ASSETS</b>					
		545,434	14,860	560,294	662,700
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		559,997	14,860	574,857	685,190
<b>CREDITORS</b>					
Amounts falling due after more than one year	20	(89,194)	-	(89,194)	(123,445)
		<u>470,803</u>	<u>14,860</u>	<u>485,663</u>	<u>561,745</u>
<b>NET ASSETS</b>					
		470,803	14,860	485,663	561,745
<b>FUNDS</b>	23				
Unrestricted funds				470,803	561,745
Restricted funds				<u>14,860</u>	<u>-</u>
<b>TOTAL FUNDS</b>				<u>485,663</u>	<u>561,745</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 15 June 2023 and were signed on its behalf by:

B G Dunn - Trustee

## CHANGING LIVES TOGETHER

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	10,561	214,317
Interest paid		(12,293)	(8,298)
Net cash (used in)/provided by operating activities		(1,732)	206,019
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(3,228)	(1,148)
Interest received		3,200	421
Net cash used in investing activities		(28)	(727)
<b>Cash flows from financing activities</b>			
New loans in year		-	79,653
Loan repayments in year		(32,504)	(32,119)
Net cash (used in)/provided by financing activities		(32,504)	47,534
<b>Change in cash and cash equivalents in the reporting period</b>		(34,264)	252,826
<b>Cash and cash equivalents at the beginning of the reporting period</b>		608,449	355,623
<b>Cash and cash equivalents at the end of the reporting period</b>		574,185	608,449

The notes form part of these financial statements



## CHANGING LIVES TOGETHER

### NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
<b>Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)</b>	(76,082)	224,190
<b>Adjustments for:</b>		
Depreciation charges	11,152	14,079
Losses on investments	3	-
Interest received	(3,200)	(421)
Interest paid	12,293	8,298
Decrease/(increase) in stocks	15,883	(17,505)
(Increase)/decrease in debtors	(23,770)	142,297
Increase/(decrease) in creditors	74,282	(156,621)
<b>Net cash provided by operations</b>	<u>10,561</u>	<u>214,317</u>

#### 2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22 £	Cash flow £	At 31.12.22 £
<b>Net cash</b>			
Cash at bank	<u>608,449</u>	<u>(34,264)</u>	<u>574,185</u>
	<u>608,449</u>	<u>(34,264)</u>	<u>574,185</u>
<b>Debt</b>			
Debts falling due within 1 year	(32,504)	(1,747)	(34,251)
Debts falling due after 1 year	<u>(123,445)</u>	<u>34,251</u>	<u>(89,194)</u>
	<u>(155,949)</u>	<u>32,504</u>	<u>(123,445)</u>
<b>Total</b>	<u>452,500</u>	<u>(1,760)</u>	<u>450,740</u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. STATUTORY INFORMATION

Changing Lives Together is a private company, limited by guarantee, registered in England and Wales. The company's registered number, registered charity number and registered office can be found in the Reference and Administrative Details section of the Trustees' Report.

The presentation currency of the financial statements is in Pounds Sterling (£).

#### 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 201) '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) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Changing Lives Together meets the definition of a public benefit entity under FRS 102.

##### **Going concern**

The charitable company meets its day to day working capital requirements through its cash resources and available loan facilities. The trustees have reviewed current and forecast activity and cash requirements for a period of at least 12 months from the date of the signing of the financial statements which show, taking into account reasonably possible changes in performance, that the charitable company should be able to operate within its available cash resources. After making enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Income**

The policies adopted for the recognition of income are as follows:

##### **Sale of goods**

Income from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of income can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

##### **Rendering of services**

When the outcome of a transaction can be estimated reliably, income is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to a notable milestone.

Where the outcome cannot be measured reliably, income is recognised only to the extent of the expenses recognised that are recoverable.

##### **Grants**

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, and performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

##### **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.

##### **Goodwill**

Goodwill relates to the amount paid in connection with the acquisitions of a business, and is now fully amortised.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Plant and machinery	- 20% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost

**Stocks**

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

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition. Stocks of unsold donated goods are valued only at the cost of bringing the items to their present location as it is not considered practical to estimate the fair value due to their cost being nil and their value is uncertain until sold.

**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.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The charitable company makes contribution to employees' pension schemes. Contributions payable are charged to the Statement of Financial Activities in the period to which they relate.

**Short term debtors and creditors**

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, cash held with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. DONATIONS AND LEGACIES

	2022	2021
	£	£
Donations	3,791	7,229

#### 4. OTHER TRADING ACTIVITIES

	2022	2021
	£	£
Shop income	1,171,750	1,038,429
Waste credits, recycling, scrap and waste collection	362,622	327,138
Training and work experience	2,360	7,200
	<u>1,536,732</u>	<u>1,372,767</u>

#### 5. INVESTMENT INCOME

	2022	2021
	£	£
Rents received	13,893	4,235
Interest receivable	3,200	421
	<u>17,093</u>	<u>4,656</u>

#### 6. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2022	2021
		£	£
Transport	Charitable activities	445,270	416,723
Grants	Charitable activities	437,032	717,993
		<u>882,302</u>	<u>1,134,716</u>

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

	2022	2021
	£	£
General fund	134,108	242,105
Buddying & befriending	3,808	-
Break free grant	5,096	9,608
BSOG	6,400	-
DEFRA - Food hub	-	32,385
Edsential community	-	147,691
Family support	63,986	94,851
Food hub grant	34,293	-
Groundworks	33,370	33,000
Kitchen grant	2,950	-
Love Lostock Cheshire Food hub	1,000	-
National lottery community fund	79,224	91,943
Sanctuary housing	1,500	-
Slowcooker grant	20,600	37,903
Kickstart training	2,360	-
Ukraine project grant	1,550	-
Wellbeing	31,308	28,507
Winter household fund	15,479	-
	<u>437,032</u>	<u>717,993</u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7. RAISING FUNDS

##### Other trading activities

	2022	2021
	£	£
Opening stock	108,634	91,129
Purchases	569,034	689,860
Closing stock	(92,751)	(108,634)
Staff costs	605,584	-
Hire of plant and machinery	9,081	7,437
Licensing	1,542	4,129
Bad debts	(12,000)	12,000
Vehicle hire	56,951	60,424
Motor expenses	48,104	72,014
Sub contractors	-	81,427
Other direct costs	104,338	42,609
Property repairs	39,941	-
Impairment losses	3	-
	<u>1,438,461</u>	<u>952,395</u>

In the prior period all staff costs were disclosed under charitable activities.

#### 8. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 9) £	Totals £
Charitable activities	<u>1,040,500</u>	<u>40,200</u>	<u>1,080,700</u>

#### 9. SUPPORT COSTS

	Finance £	Governance costs £	Totals £
Charitable activities	<u>13,236</u>	<u>26,964</u>	<u>40,200</u>

#### 10. NET INCOME/(EXPENDITURE)

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

	2022	2021
	£	£
Auditors' remuneration - current year	8,500	17,622
Auditors' remuneration - accountancy services	4,000	-
Auditors' remuneration - assurance services	450	-
Auditors' remuneration - prior year	4,750	-
Depreciation - owned assets	11,152	14,079
Hire of plant and machinery	9,081	7,437
Other operating leases	<u>65,035</u>	<u>156,088</u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2022 nor for the year ended 31 December 2021.

##### Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2022 nor for the year ended 31 December 2021.

#### 12. STAFF COSTS

	2022 £	2021 £
Wages and salaries	1,194,038	1,081,578
Social security costs	69,649	57,096
Other pension costs	16,005	16,995
	<u>1,279,692</u>	<u>1,155,669</u>

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

	2022	2021
Management team	4	5
Warehouse/reuse	28	24
Administrative	5	9
Retail	4	5
Community hubs	3	3
Community engagement	9	12
Community transport	20	17
	<u>73</u>	<u>75</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
£60,001 - £70,000	<u>1</u>	<u>-</u>

Total emoluments for key management personnel totalled £241,616 (2021: £197,808).

#### 13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	7,229	-	7,229
<b>Charitable activities</b>			
Charitable activities	658,828	475,888	1,134,716
Other trading activities	1,372,767	-	1,372,767
Investment income	4,656	-	4,656
Other income	63,026	-	63,026
<b>Total</b>	<u>2,106,506</u>	<u>475,888</u>	<u>2,582,394</u>

# CHANGING LIVES TOGETHER

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

### 13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
<b>EXPENDITURE ON</b>			
Raising funds	952,395	-	952,395
<b>Charitable activities</b>			
Charitable activities	929,921	475,888	1,405,809
<b>Total</b>	<u>1,882,316</u>	<u>475,888</u>	<u>2,358,204</u>
<b>NET INCOME</b>	224,190	-	224,190
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	337,555	-	337,555
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>561,745</u></u>	<u><u>-</u></u>	<u><u>561,745</u></u>

### 14. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 January 2022 and 31 December 2022	<u>6,157</u>
<b>AMORTISATION</b>	
At 1 January 2022 and 31 December 2022	<u>6,157</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

# CHANGING LIVES TOGETHER

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

### 15. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2022	60,026	6,791	33,297	100,114
Additions	1,896	-	1,332	3,228
At 31 December 2022	61,922	6,791	34,629	103,342
<b>DEPRECIATION</b>				
At 1 January 2022	39,413	6,521	31,693	77,627
Charge for year	8,922	229	2,001	11,152
At 31 December 2022	48,335	6,750	33,694	88,779
<b>NET BOOK VALUE</b>				
At 31 December 2022	13,587	41	935	14,563
At 31 December 2021	20,613	270	1,604	22,487

### 16. FIXED ASSET INVESTMENTS

There were no investment assets outside the UK.

The charity owned 100% of the Ordinary share capital in the below three companies. Each of the companies has been dormant from incorporation.

- Changing Lives in Cheshire Limited (11935815) - Dissolved 21/02/2023
- Changing Lives in Ellesmere Port Limited (11534973) - Dissolved 21/02/2023
- Changing Lives in Warrington Limited (09842887) - Dissolved 21/02/2023

### 17. STOCKS

	2022 £	2021 £
Stocks	92,751	108,634

### 18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	190,840	167,356
Other debtors	12,464	10,352
Prepayments and accrued income	22,559	24,385
	225,863	202,093



## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Other loans (see note 21)	34,251	32,504
Trade creditors	103,735	46,635
Social security and other taxes	22,697	26,882
VAT	18,361	6,556
Other creditors	20,022	2,920
Deposits held on account	16,897	22,723
Accruals and deferred income	116,542	118,256
	<u>332,505</u>	<u>256,476</u>

#### 20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Other loans (see note 21)	<u>89,194</u>	<u>123,445</u>

#### 21. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>34,251</u>	<u>32,504</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>36,120</u>	<u>34,251</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>53,074</u>	<u>89,194</u>

#### 22. LEASING AGREEMENTS

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

	2022	2021
	£	£
Within one year	97,211	56,190
Between one and five years	211,603	217,800
In more than five years	-	117,975
	<u>308,814</u>	<u>391,965</u>

# CHANGING LIVES TOGETHER

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

### 23. MOVEMENT IN FUNDS

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
<b>Unrestricted funds</b>			
General fund	561,745	(90,942)	470,803
<b>Restricted funds</b>			
Food Hub Grant	-	14,860	14,860
<b>TOTAL FUNDS</b>	<u>561,745</u>	<u>(76,082)</u>	<u>485,663</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	2,140,155	(2,231,097)	(90,942)
<b>Restricted funds</b>			
Break Free Grant	5,096	(5,096)	-
Groundworks	33,370	(33,370)	-
Family Support	63,986	(63,986)	-
National Lottery Community Fund	79,224	(79,224)	-
Wellbeing	31,308	(31,308)	-
Slowcooker Grant	20,600	(20,600)	-
BSOG	1,833	(1,833)	-
Food Hub Grant	38,860	(24,000)	14,860
Buddying & Befriending	3,808	(3,808)	-
Winter Household Fund	15,479	(15,479)	-
Sanctuary Housing	1,500	(1,500)	-
Love Lostock Cheshire Food Hub	1,000	(1,000)	-
Kitchen Grant	2,950	(2,950)	-
Kickstart Training	2,360	(2,360)	-
Ukraine Project Grant	1,550	(1,550)	-
	<u>302,924</u>	<u>(288,064)</u>	<u>14,860</u>
<b>TOTAL FUNDS</b>	<u>2,443,079</u>	<u>(2,519,161)</u>	<u>(76,082)</u>

### Comparatives for movement in funds

	At 1.1.21 £	Net movement in funds £	At 31.12.21 £
<b>Unrestricted funds</b>			
General fund	337,555	224,190	561,745
<b>TOTAL FUNDS</b>	<u>337,555</u>	<u>224,190</u>	<u>561,745</u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	2,106,506	(1,882,316)	224,190
<b>Restricted funds</b>			
Break Free Grant	9,608	(9,608)	-
Groundworks	33,000	(33,000)	-
Family Support	94,851	(94,851)	-
National Lottery Community Fund	91,943	(91,943)	-
Edsential Community	147,691	(147,691)	-
DEFRA - Food Hub	32,385	(32,385)	-
Wellbeing	28,507	(28,507)	-
Slowcooker Grant	37,903	(37,903)	-
	<u>475,888</u>	<u>(475,888)</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u><u>2,582,394</u></u>	<u><u>(2,358,204)</u></u>	<u><u>224,190</u></u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.1.21 £	Net movement in funds £	At 31.12.22 £
<b>Unrestricted funds</b>			
General fund	337,555	133,248	470,803
<b>Restricted funds</b>			
Food Hub Grant	-	14,860	14,860
	<u>-</u>	<u>14,860</u>	<u>14,860</u>
<b>TOTAL FUNDS</b>	<u><u>337,555</u></u>	<u><u>148,108</u></u>	<u><u>485,663</u></u>

## CHANGING LIVES TOGETHER

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	4,246,661	(4,113,413)	133,248
<b>Restricted funds</b>			
Break Free Grant	14,704	(14,704)	-
Groundworks	66,370	(66,370)	-
Family Support	158,837	(158,837)	-
National Lottery Community Fund	171,167	(171,167)	-
Edsential Community	147,691	(147,691)	-
DEFRA - Food Hub	32,385	(32,385)	-
Wellbeing	59,815	(59,815)	-
Slowcooker Grant	58,503	(58,503)	-
BSOG	1,833	(1,833)	-
Food Hub Grant	38,860	(24,000)	14,860
Buddying & Befriending	3,808	(3,808)	-
Winter Household Fund	15,479	(15,479)	-
Sanctuary Housing	1,500	(1,500)	-
Love Lostock Cheshire Food Hub	1,000	(1,000)	-
Kitchen Grant	2,950	(2,950)	-
Kickstart Training	2,360	(2,360)	-
Ukraine Project Grant	1,550	(1,550)	-
	<u>778,812</u>	<u>(763,952)</u>	<u>14,860</u>
<b>TOTAL FUNDS</b>	<u><u>5,025,473</u></u>	<u><u>(4,877,365)</u></u>	<u><u>148,108</u></u>

#### 24. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2022.

## CHANGING LIVES TOGETHER

### DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>INCOME AND ENDOWMENTS</b>		
<b>Donations and legacies</b>		
Donations	3,791	7,229
<b>Other trading activities</b>		
Shop income	1,171,750	1,038,429
Waste credits, recycling, scrap and waste collection	362,622	327,138
Training and work experience	2,360	7,200
	<hr/> 1,536,732	<hr/> 1,372,767
<b>Investment income</b>		
Rents received	13,893	4,235
Interest receivable	3,200	421
	<hr/> 17,093	<hr/> 4,656
<b>Charitable activities</b>		
Transport	445,270	416,723
Grants	437,032	717,993
	<hr/> 882,302	<hr/> 1,134,716
<b>Other income</b>		
Other income	3,161	63,026
	<hr/> 3,161	<hr/> 63,026
<b>Total incoming resources</b>	<hr/> 2,443,079	<hr/> 2,582,394
<b>EXPENDITURE</b>		
<b>Other trading activities</b>		
Opening stock	108,634	91,129
Purchases	569,034	689,860
Wages	605,584	-
Hire of plant and machinery	9,081	7,437
Licensing	1,542	4,129
Bad debts	(12,000)	12,000
Vehicle hire	56,951	60,424
Motor expenses	48,104	72,014
Sub contractors	-	81,427
Other direct costs	104,338	42,609
Property repairs	39,941	-
Impairment losses for fixed asset investments	3	-
Closing stock	(92,751)	(108,634)
	<hr/> 1,438,461	<hr/> 952,395
<b>Charitable activities</b>		
Wages	588,454	1,081,578
Carried forward	588,454	1,081,578

This page does not form part of the statutory financial statements

## CHANGING LIVES TOGETHER

### DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>Charitable activities</b>		
Brought forward	588,454	1,081,578
Social security	69,649	57,096
Pensions	16,005	16,995
Other operating leases	65,035	156,088
Direct costs	290,205	47,883
Plant and machinery	8,922	5,455
Fixtures and fittings	229	229
Computer equipment	2,001	8,395
	<hr/>	<hr/>
	1,040,500	1,373,719
<b>Support costs</b>		
<b>Finance</b>		
Bank charges	943	-
Bank interest	3,730	2,309
Bank loan interest	8,563	5,989
	<hr/>	<hr/>
	13,236	8,298
<b>Governance costs</b>		
Auditors' remuneration - current year	12,950	17,622
Auditors' remuneration - prior year	4,750	-
Other governance costs	9,264	6,170
	<hr/>	<hr/>
	26,964	23,792
Total resources expended	<hr/>	<hr/>
	2,519,161	2,358,204
<b>Net (expenditure)/income</b>	<hr/>	<hr/>
	(76,082)	224,190

# Changing Lives Together

## Audit Completion Report

**Year ended 31 December 2022**

**18 April 2023**

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This document is prepared solely for Changing Lives Together and should be read in its entirety. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must be obtained before this document, or any part of it, is disclosed to a third party.



# 1. Executive summary

## Principal conclusions

Our audit has been conducted in accordance with International Standards on Auditing (UK) and our approach was based on an income and expenditure and balance sheet audit using detailed substantive testing techniques. Analytical review procedures have been used at the planning and completion stages to help ensure that our testing is focused on the key areas and that the reported figures are consistent with our expectations.

In section 2 of this report, we have set out our conclusions and findings from our audit. This section includes conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum of which the principal ones were:

- Management override of controls.
- Revenue recognition.
- Completeness of creditors, accruals and deferred income.
- Accuracy of trade debtors.
- Going concern.

## Unadjusted misstatement

Section 7 sets out the unadjusted misstatements identified during our audit work. In aggregate all unadjusted errors are immaterial.

## Status of the audit and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 December 2022.

We are pleased to report that subject to discussion of the matters raised in this report and a further review of post balance sheet events, it is our intention to issue an unqualified opinion, without modification, on the financial statements.

We would like to take this opportunity to express our thanks to the Changing Lives Together staff for their assistance during our audit. We received full cooperation and transparency during the audit.

## 2. Audit findings

Set out below are the findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement;
- our comments in respect of the accounting policies and disclosures that have been adopted in the financial statements;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

### Significant risks and key areas of management judgement

<b>Management override of controls</b>	<p><b>Description of risk</b></p> <p>Under ISA 240 (UK) there is a presumption that the risk of management override of controls is present in all entities. Management at various levels within an organisation are in a position to perpetrate fraud because of their ability to manipulate accounting records by overriding controls.</p> <p><b>How we addressed this risk</b></p> <p>We undertook the following audit procedures in this area:</p> <ul style="list-style-type: none"><li>• Reviewed accounting estimates, judgements and decisions made by management.</li><li>• Reviewed any large and/or unusual transactions.</li><li>• Tested a sample of journals throughout the year as well as pre and post year-end adjustments.</li></ul> <p><b>Audit conclusion</b></p> <p>No significant issues or instances of management override of internal controls were identified from our audit procedures.</p>
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## 2. Audit findings (continued)

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<b>Revenue recognition</b>	<b>Description of risk</b>
----------------------------	----------------------------

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue (including under and overstatement).

<b>How we addressed this risk</b>
-----------------------------------

We undertook the following audit procedures in relation to revenue;

- Reviewed recognition policies for appropriateness under FRS 102.
- Reviewed income recognised in the year, compared to expectations and prior years, and obtained explanations for significant or unusual variances.
- Reviewed and tested cut off at the year end.
- Reviewed and tested deferred income to ensure that revenue has been appropriately recognised.

<b>Audit conclusion</b>
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There are no significant issues or instances of improper revenue recognition which were identified from our audit procedures.

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## 2. Audit findings (continued)

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**Completeness and accuracy of creditors, accruals and deferred income****Description of risk**

The level and size of transactions for the company increases the risk of errors in recording liabilities accurately and on a timely basis.

**How we address this risk**

We undertook the following audit procedures in this area:

- A sample of supplier statements was obtained to agree 'key' supplier balances at the year end.
- We undertook detailed testing of a sample of invoices received and supplier payments made during the period following the year end to ensure liabilities have been recognised in the appropriate period.
- Performed a review of accruals and any provisions at the year end.
- Performed a review of deferred income and any provisions at the year end.

**Audit conclusion**

There are no significant issues with the completeness of creditors and accruals which were identified from our audit procedures

---

**Accuracy of trade debtors****Description of risk**

The level and size of transactions for the company increases the risk of recoverability and potential misstatement.

**How we address this risk**

We undertook the following audit procedures in this area:

- We reviewed post year end customer receipts to agree a number of large customer balances at the year end.
- We carried out cut off testing and reviewed post year end credit notes to ensure the year end balance was correctly stated.

**Audit conclusion**

There are no significant issues with the accuracy of trade debtors which were identified from our audit procedures.

---

## 2. Audit findings (continued)

### Going concern

#### Description of risk

Under ISA 570 (UK) there is a presumed risk of management bias when carrying out an assessment of the entity's ability to continue as a going concern.

#### How we address this risk

We undertook the following audit procedures in this area:

- Obtained post year end management accounts and the forecasts for 2023 and 2024 and considered whether these support the going concern assumption.
- Reviewed post year end bank statements for any unusual transactions or indications that going concern is not appropriate.
- Considered financial, operational, and other indicators which may suggest that the use of going concern is not appropriate.

#### Audit conclusion

We did not identify any issues in respect of the adoption of the going concern assumption. We are satisfied the going concern disclosures in the financial statements are appropriate.

### Accounting policies and disclosures

We have reviewed the accounting policies and disclosures in the financial statements and concluded they comply with applicable accounting standards including United Kingdom Account Standards (United Kingdom Generally Accepted Accounting Practice) (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

### Significant matters discussed with management

There have been no significant matters discussed with management.

### Significant difficulties during the audit

We did not encounter any significant difficulties during our audit, and we have had the full cooperation of management.

### 3. Financial highlights

#### Statement of Financial Activities

	Year ended 2022 £'000	Year ended 2021 £'000	Year ended 2020 £'000
<b>Income</b>			
Donations and legacies	4	7	6
Transport	445	417	461
Grants	437	718	421
Other trading activities	1,537	1,373	1,212
Investment and other income	20	67	261
<b>Total income</b>	<b>2,443</b>	<b>2,582</b>	<b>2,361</b>
Staff costs	(1,280)	(1,156)	(1,257)
Other trading activities – expenditure	(834)	(952)	(679)
Administrative expenses	(394)	(236)	(263)
Depreciation	(11)	(14)	(17)
<b>Net movement in funds</b>	<b>(76)</b>	<b>224</b>	<b>145</b>
Fund balance brought forward	562	338	193
<b>Fund balances on 31 December 2022</b>	<b>486</b>	<b>562</b>	<b>338</b>

Total income has decreased by approximately 5% from 2021 to 2022, mainly due to a drop in grants received.

Staff costs measured against total income represented 52.3% (2021: 44.8%). FY22 includes £52k of redundancy costs as well as additional costs due to the crossover of some job roles.

Administrative expenses include £40k for roof repairs and fire door replacement costs.

**In overview, the deficit of £76k can be seen as due to the one off redundancy costs and additional costs resulting from job crossovers.**

### 3. Financial highlights (continued)

#### Consolidated Statement of Financial Position

	2022 £'000	2021 £'000
Fixed assets – Tangible	15	22
<b>Current assets</b>		
Stocks	93	109
Debtors	191	167
Other debtors and prepayments	35	35
Cash at bank and in hand	574	608
<b>Total current assets</b>	<b>893</b>	<b>919</b>
<b>Current liabilities</b>		
Trade creditors	(104)	(47)
Other taxation and social security	(41)	(33)
Other loans	(34)	(33)
Other creditors	(37)	(25)
Accruals and deferred income	(117)	(118)
<b>Total current liabilities</b>	<b>(333)</b>	<b>(256)</b>
<b>Net current assets/(liabilities)</b>	<b>560</b>	<b>663</b>
Loans due after one year	(89)	(123)
<b>Net assets</b>	<b>486</b>	<b>562</b>

Trade debtors increased from £167k in 2021 to £191k in 2022, mainly due increased activity in Q4 - turnover was up by £49k compared to Q4 in 2021.

The year end cash balance of £574k is down by £34k on the previous period.

Trade creditors increased from £47k in 2021 to £104k in 2022 as there were some large domestic appliances purchases in the last month of the year totaling £47k.

The liquidity position remains strong with net current assets at £560k.

The net assets have decreased to £486k due to the £76k deficit for the year.

## 4. Other communication requirements

Potential issue	Comments
Matters in relation to fraud	We have not been made aware of any significant incidents during the year and no issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related party transactions which have not been disclosed by management.
Matters in relation to laws and regulations	We are not aware of any significant instances of non-compliance with relevant laws and regulations that could have a significant impact on the financial statements.
Written representations	A specific representation has been requested in respect of the basis of preparation of the financial statements.
Confirmation requests from third parties	We have requested and obtained direct confirmation from the banks of the balances on all bank accounts and facilities as at 31 December 2022.
Disclosures	Our review has found no material omissions in the financial statements.



## 5. Internal controls

The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance. (ISA UK 265)

### Status of prior year recommendations (included in Bennett Brooks' 2021 audit completion report)

Observation (per BB)	Implication (per BB)	Status
<b>1</b> Unreconciled bank transactions There are a number of bank receipts and payments that are not reconciled to the nominal ledger cash accounts at the year end. These have since been moved to a reconciliation/suspense accounts post year end and are being cleared by the finance team.	Errors or inappropriate entries may not be identified and cleared on a timely basis. The majority of the unreconciled items related to low value sales receipts, and this may result in assets and income being understated.	All bank accounts are now reconciled monthly.  <b>Completed</b>
<b>2</b> Employee contracts are outdated - this matter was also raised last year	A number of employee contracts are outdated and in addition no pay rise or bonus letters are held on file, making independent verification that employees are receiving the contractually agreed payments difficult.	Contracts were updated in January 2023. Wage structure has been put in place and communicated with all staff.  <b>Completed</b>

## 5. Internal controls (continued)

Observation (per BB)	Implication (per BB)	Status
<b>3</b> Fixed assets that have been disposed of are still on the fixed asset register There is a small correcting entry proposed on the schedule of adjustments	Fixed assets may no longer be in use or held and therefore fixed assets may be overstated.  As part of our audit testing, we noted a few assets that had been physically disposed of but still on the fixed asset register.	Client now maintains a fixed asset list within the accounting software.  <b>Outstanding – there have been no disposals during FY22.            Client will review the historic fixed asset list during FY23.</b>
<b>4</b> Reimbursement of expenditure originally paid for by a personal credit card.	We noted instances in the year where food purchases for the food box project were made on the personal credit card of the Finance Manager. A transfer from the charity's bank account to the employee's bank account was made by that same individual to reimburse the funds. We understand that there was email communication with the CEO to confirm these arrangements at the time, however we have not seen any formal authorisation of these amounts (circa £30,000).	CLT have taken out charity debit cards during FY22.  <b>Process is being developed to ensure authorisation procedures are sufficient.</b>
<b>5</b> Segregation of duties in the purchasing cycle should be reviewed and tightened up.	An individual would have the access rights to set up a new supplier change the banking details of an existing supplier, order and pay for goods /products.	This has been reviewed and authorisation limits and procedures have been put in place.  <b>Completed</b>

## 5. Internal controls (continued)

Observation (per BB)	Implication (per BB)	Status
<p><b>6</b> Grant income documentation was difficult to obtain during the audit and was provided haphazardly on email or during our visit.</p>	<p>Grant documentation may be missing or lost, which may result in difficulties if there are queries around particular contracts, and also makes the income recognition more difficult.</p>	<p>This remained a challenge for the FY22 audit.</p> <p>However, the Finance team now have a system in place which logs the details of each grant and files the contract.</p> <p><b>Completed</b></p>
<p><b>7</b> Petty cash balances held in the various locations were not reconciled or counted regularly and a correcting entry was required.</p> <p>It is unclear whether this represented unrecorded accounting transactions, or missing cash.</p> <p>In addition, we noted several occasions where cash was not banked within 7 days, although we understand that this was mainly due to staff shortages/covid this was not in line with the charities policy.</p>	<p>Cash may be going missing at the various locations, and this may not be detected on a timely basis.</p>	<p>Petty cash counts and reconciliations are now performed weekly.</p> <p><b>Completed</b></p>

## 5. Internal controls (continued)

Observation (per BB)	Implication (per BB)	Status
<b>8</b> There was an unknown difference in the VAT control account and there were significant VAT penalties levied by HMRC which were partly refunded.  We noted a number of duplicate transactions in the control account regarding the November 2021 return.	The VAT returns may not be submitted correctly and the financial records may be incorrect.	VAT returns are now reconciled and checked quarterly.  <b>Completed</b>

We do not have any additional internal control points this year.

### Conclusion

It is clear that significant progress has been made under the new management structure. However, the nature of the charity's activities means that financial controls need to be very strong and we will be happy to advise management on the further steps that can be taken to develop the financial controls.

## 6. Adjustments

During the audit the following adjustments were agreed with the Charity's management:

	£'000	£'000
<b>Net income/(expenditure) per initial draft accounts</b>		(5)
Deferred income adjustment per client		(8)
<b>Material adjustments:</b>		
Roof repair and fire doors – moved from capital to repairs	(40)	(40)
<b>Other adjustments:</b>		
Understatement of depreciation	(2)	
Correction of VAT liability	(10)	
Insurance incorrectly prepaid and accrued	1	
Understatement of rent – prepayment adjustment	(3)	
Trade debtors – bad debt provisions	(6)	
Understatement of other debtors – wage claim	2	
Late accruals – water rates	(5)	
Overstatement of BSOG accrued income	(5)	
Deferred income corrections – Family support, CCG and Food hub grant	5	
		(23)
<b>Net income/(expenditure)</b>		<b>(76)</b>

## 7. Unadjusted misstatements

There are no significant unadjusted misstatements.

## 8. Independence and ethics

In accordance with professional requirements and our ongoing risk assessment, we have reviewed the relationships between Murray Smith LLP and Changing Lives Together that are relevant to the independence and the objectivity of the audit partner and the audit staff.

We can confirm that there are no significant facts or matters that impact our independence as auditors, except for our involvement in the preparation of financial statements and safeguards have been implemented in this respect.

We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each staff member, are independent and are able to express an objective opinion on the financial statements.



## 9. Communication of audit matters with those charged with governance

Communication	Audit Planning Memo	Audit Completion Report
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of planned scope, approach, and timing	✓	
Confirmation of independence and ethical standards	✓	✓
Significant risks and key judgemental areas	✓	✓
Significant matters in relation to going concern	✓	✓
Significant findings from the audit		✓
Significant matters and issues arising during the audit and written representations have been sought		✓
Significant difficulties encountered during the audit		✓
Significant matters arising in connection to related parties		✓
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		✓
Non-compliance with laws and regulations		✓
Unadjusted misstatements		✓
Any expected modifications to the auditor's report		✓

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

The Audit Planning Memorandum outlined our audit strategy and plan to deliver the audit, while this Audit Completion report presents key issues, findings and other matters which arose from the audit, together with an explanation as to how they have been resolved.

We, as auditors, are responsible for forming and expressing an opinion on the financial statements. Our responsibilities are also set out in the engagement letter.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.