

The Free Shop

UK Charity registration No: 1194346

Annual Report and Unaudited Financial Statement for the period ended 31st May 2022



Legal and Administrative Information

Board of Trustees:

Alice Rose Corrigan	Chair
Robert Albert Corrigan	
Arthur Newton	
Emily Josephine Amy Carpenter	
Lauren Sweeny	

Charity Number: 1194346

Charity Registered Name: The Free Shop

Registered Office: 7 Carline Road
Lincoln
LN1 1HL

Telephone: 07308 522050

Email: operations@thefreeshoplebanon.org

Trustees Report for the year ended 31st May 2022

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Charitable Objectives and activities

The prevention or relief of poverty in the Middle East and North Africa (MENA) and Europe by providing items and services to individuals in need and/or charities, or other organisations working to prevent or relieve poverty.

Achievements and performance

The main achievement of the charity from 01.05.2021 to 31.05.2022 has included supporting over 2,500 families with free-access to aid items. This form of poverty prevention is very direct, as families can tangibly be supported. Families save the little money they have thanks to our operations and can therefore spend funds on food and rent.

In the Bekaa Valley, Lebanon, many children live in the same clothes every day. Children share shoes to attend school, and mothers wash clothes with shampoo because they have no alternative. Thanks to The Free Shop, we have seen locally that families now have access to these basic items which would not have otherwise been possible. We have helped to keep children and families warm at night through the distribution of blankets, and improved mental and physical hygiene thanks to the distributions of new underwear, socks and sustainable menstrual products.

As we support a whole town (circa. 20,000 individuals from a population of circa. 40,000) we have had a large impact, even though we are a very small team. We are now known in the town and have a good reputation. The impact we give in the society as a whole is the presentation that aid does not have to be pre-chosen and then distributed. We show that charities, of which many operate in the region, can take the time to give freedom of choice to beneficiaries, increasing their self-reliance and giving them back at least some control over their lives. This has now been replicated in other organisations who either pass us referrals of families in need of clothes, or one who has even opened their own form of free shop distributions, mirroring our own system.

Structure, governance, and management

Type of governing document: Governing Document

How is the charity constituted? CIO

Policies and procedures adopted for the induction and training of trustees:

Upon induction, trustees are sent the advice on being a trustee from the Charity Commission. The trustees have meetings and record minutes. The trustees also have a WhatsApp group and email chain where trustees can follow-up with any questions they have.

Financial Review

During the financial period we benefited majorly from crowdfunding activities, as well as income from grants via trusts and foundations. We secured a grant from international funder 'Choose Love' however due to banking restrictions in Lebanon could not attain the funds

immediately. Lebanon is in the midst of a large financial crisis and new bank accounts can not be opened. It is not possible to make transfers to Lebanon and receive funds from the bank in USD. The local currency is over 300% its initial worth as of the time of writing. During the financial period the charity experienced heavy turbulence of the local currency in Lebanon. This is the reasoning for the charity sending funds via Western Union. Although many fees were incurred, this was seen as safer than moving cash, as crime rates also increased in the country during this ongoing crisis.

The funding period began in March 2022, but as we did not yet receive the funds, the charity took loans from associated individuals and friends in order to continue charitable operations. (The funds came to Lebanon in October 2022 via a fiscal sponsor, partner charity, in Lebanon). This explains our loans as a charity at the end of the financial period.

At the end of the financial period, the charity holds £(556). The charity owes loans to the amount of £15,756. These loans are to individuals with a 0% rate of interest. It has been stated by all lenders that no timeline on re-payment is required. At the time of submission of the accounts to the Charity Commission, most loans have already been repaid.

At the end of the financial period, no reserves are held.

The reason for holding no reserves is two-fold. One is that the charity has been operating using loans for some of the financial period, and is therefore not in a position to hold reserves. In addition, as a new charity the finances are not so secure that a reserve can be held. The charity is applying to funds from various grants and foundations as well as running crowdfunding operations to improve the diversity of their financial support in the coming year.

The trustees have no uncertainties of the charity continuing.

A description of the principal risks facing the charity

As the charity operates in Lebanon, the charity faces some risks. These include the economic crisis, lack of political security and Governmental structure, high rates of poverty (high demand on services) and lack of power and electricity. The charity mitigates these risks by having two trustees on the board who have formerly lived in Lebanon, one who speaks Arabic and one who has visited the country. In addition, connection with locals assists the understanding of changing environments in the country along with watching the news and keeping up to date with political, social and environmental developments.

Statement of trustees' responsibilities

Law applicable to charities in England & Wales requires the trustees to prepare a financial statement for each financial period which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently.

- observe the methods and principals in the Charities SORP.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees and signed on its behalf by:



.....

03/03/2023

.....

Alice Rose Corrigan

Dated:

Chair

Independent examiner's report to the trustees of The Free Shop (Charity Number 1194346)

I report to the trustees on my examination of the accounts of the above Charitable Incorporated Organisation ("the CIO") for the year ended 31 May 2022.

Responsibilities and basis of report

As the CIO's trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the CIO's accounts carried out under section 145 of the 2011 Act and in carrying out my examination, I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

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

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

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

Signed

C. Marl

Mr C Marshall, MAAT

LimeGreen Accountancy Limited
20-22 Wenlock Road
London
England
N1 7GU

1 March 2023

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD 5th May 2021 to 31st May 2022

	Unrestricted Funds £ 2022	Total £ 2022
Income From:		
Grants from trustees and foundations	28,021	28,021
Public donations	14,686	14,686
Donations from trustees	1,142	1,142
Other income	707	707
Total Income	44,556	44,556
Expenditure On:		
Charitable Activities	(15,533)	(15,533)
Support costs	(26,696)	(26,696)
Total resources expended	(42,229)	(42,229)
Net (outgoing)/incoming resources	2,327	2,327
Net movement in funds	2,327	2,327
Fund balances at 5 th May 2021	-	-
Fund balances at 31st May 2022	2,327	2,327

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

All income and expenditure derive from continuing activities.

STATEMENT OF FINANCIAL POSITION

As at 31st May 2022

		2022
	Notes	£
Current assets		
Debtors	6	15,756
Cash at bank and in hand		(556)
Creditors: amounts falling due within one year	7	(12,873)
Net current assets		2,327
Income funds		
Unrestricted funds		2,327
		2,327

The CIO is entitled to exemption from audit under Section 144 of the Charities Act 2011 for the year ended 31 May 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2022.

The trustees acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 137 of the Charities Act 2011.

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



Alice Rose Corrigan

Chair

03/03/2023

Dated:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st May 2022

1. Accounting policies

Charity information

The Free Shop is a charitable incorporated organisation registered with the England and Wales Charity Commission. The registered office is 7 Carline Road, Lincoln, LN1 1HL.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Articles of Association and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements. Funding in the current climate of Covid-19 and beyond has been carefully considered and will be raised for discussion at all trustee meetings but is not currently considered to cause significant difficulties for the charity in this regard.

1.3 Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

1.4 Incoming resources

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

1.5 Resources expended

Income and expenses are included in the financial statements as they become receivable or due. Expenses include VAT where applicable as the charity cannot reclaim it.

1.6 Cash and cash equivalents

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

1.7 Financial instruments

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

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

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

Basic financial assets

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

1.8 Allocation of support costs

Support costs are these functions that assist the work of the charity, but do not directly undertake charitable activities. Support costs include back-office costs, finance, personnel, and governance costs, which support the charity's projects and activities.

2. Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3. Income

	Unrestricted funds	Total 2022
	£	£
Grants from trustees and foundations	28,021	28,021
Public donations	14,686	14,686
Donations from trustees	1,142	1,142
Other income	707	707
Totals	44,556	44,556

4. Charitable activities

	Unrestricted funds	Total 2022
	£	£
Shipping and containers	227	227
Transport and fuel	2,036	2,036
Clothes purchased to supplement donated items	12,165	12,165
Shop supplies and stationery	518	518
Hygiene products purchased to supplement donated items	587	587
Totals	15,533	15,533

5. Support costs

	Unrestricted funds	Total 2022
	£	£
Subscriptions	412	412
Printing, postage and communications	273	273

Miscellaneous	2,514	2,514
Bank charges	3,097	3,097
Equipment, masks and testing	296	296
Rent and utilities	2,952	2,952
Stipends and employee costs	14,190	14,190
Foreign exchange gains/losses	2,961	2,961
Totals	26,696	26,696

6. Debtors

	2022 £
Accrued grant income	15,756
Totals	15,756

7. Creditors

	2022 £
Loans	12,873
Totals	12,873

8. Related party transactions

The trustee, Alice Rose Corrigan, made donations totalling £1,142.

9. Trustees

None of the trustees (or any persons connected with them) received any remuneration nor were reimbursed any expenses during the period.

10. Employees

We have six volunteers who help at The Free Shop. To enable them to volunteer and interact with members of the public and vulnerable individuals they undergo DBS checks and training. In recognition they are provided with a stipend.