

The Free Shop

UK Charity registration No: 1194346

Annual Report and Unaudited Financial Statement for the period ended 31st May 2023



The Free Shop

Registered Charity Number: 1194346

Registered UK Address: 7 Carline Road, Lincoln, LN1 1HL

Legal and Administrative Information

Board of Trustees:

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

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 2023

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 achievements of the charity from 01.06.2022 to 31.05.2023 include supporting 2,700 families in need in the Bekaa Valley, Lebanon, with access to vital relief and humanitarian support. Families suffer from the ongoing economic crisis and rising levels of unemployment and poverty in the region. Our relief ensures they can still meet their daily basic needs.

In the Bekaa Valley, tens of thousands of families are suffering from multidimensional poverty, majorly living in tented settlements. As well as Syrians who live in tents, we also extend support Palestinian and Lebanese families who are living in brick houses and apartments. During the period we enabled children to have decent clothing, new underwear, families to have warm bedding at home and shoes to wear to go to school/work. These items give families more physical health but also personal confidence and improved feelings of self-worth. We also distribute toys for children, improving mental health. We launched an extension of The Free Shop project in 2022, also now providing hygiene products; toothbrush, soap, washing up liquid and more. All aid distributions are done through our free shop, meaning families have the freedom to browse and choose the donations they uniquely need. We have benefited from a continued welcome reception from the local community, and operate our work using the community-based approach, giving locals the tools they need to create change in their society.

We monitor our outputs and impact through data collection and implement a web-app for stock and distribution tracking. Tracking our impact and newly-implemented beneficiary feedback mechanisms has assisted us to grow as a charity and take on board the voice of our service users, ensuring our work fills genuine needs in the area and families we support. We sent an additional two containers of aid during the period, onboarded new volunteers, improved our safeguarding training for local team members, and diversified our income streams.

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 two grants from international funder 'Choose Love' and gained these funds through a relationship with a local fiscal sponsor with whom we have a robust Memorandum of Understanding. This mitigates the challenges posed to our charity by the large financial crisis in Lebanon, as we cannot open a bank or access funds through direct bank transfers as USD can not be withdrawn. Due to this, the charity also sends funds via Western Union into Lebanon. 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.

During the funding period, we paid off loans totalling £8,154 largely reducing the debt of the charity. However, due to challenges with cash flow in Lebanon during the year, the trustees decided to accept additional loans near to the start of the reported financial period, from trustee Alice Corrigan, to ensure the safe continuation of the charity. At the end of the financial period, the charity owes loans to the amount of £10,442. 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 end of the financial period, there are negative unrestricted reserves, to the amount of £2,839.

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:



Alice Rose Corrigan

Dated: 02/02/2024

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 2023.

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. Marshall

Mr C Marshall, MAAT

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

18 March 2024

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31st May 2023

	Unrestricted Funds £ 2023	Restricted Funds £ 2023	Total £ Year ended 2023	Total £ 5 May 2021 – 31 May 2022
Income From:				
Grants from trustees and foundations	86,917	10,166	97,083	28,021
Public donations	22,573	-	22,573	14,686
Donations from trustees	-	-	-	1,142
Other income	1	-	1	707
Total Income	109,491	10,166	119,657	44,556
Expenditure On:				
Raising Funds	(1,025)	-	(1,025)	-
Charitable Activities	(64,788)	(10,166)	(74,954)	(15,533)
Support costs	(48,844)	-	(48,844)	(26,696)
Total resources expended	(114,657)	(10,166)	(124,823)	(42,229)
Net (outgoing)/ incoming resources	(5,166)	-	(5,166)	2,327
Net movement in funds	(5,166)	-	(5,166)	2,327
Fund balances at 31st May 2022	2,327	-	2,327	-
Fund balances at 31st May 2023	(2,839)	-	(2,839)	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 2023

		2023	2022
	Notes	£	£
Current assets			
Debtors	6	-	15,756
Cash at bank and in hand		7,603	(556)
Creditors: amounts falling due within one year	7	(10,442)	(12,873)
Net current assets		(2,839)	2,327
Income funds			
Unrestricted funds		(2,839)	2,327
		(2,839)	2,327

The CIO is entitled to exemption from audit under Section 144 of the Charities Act 2011 for the year ended 31 May 2023.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2023.

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

Dated: 02/02/2024

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st May 2023

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 growing competition for funding pots 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 2023	Restricted funds 2023	Total 2023	Total 2022
	£	£	£	£
Grants from trustees and foundations	86,917	10,166	97,083	28,021
Public donations	22,573	-	22,573	14,686
Donations from trustees	-	-	-	1,142
Other income	1	-	1	707
Totals	109,491	10,166	119,657	44,556

4. Charitable activities

	Unrestricted funds 2023	Restricted funds 2023	Total 2023	Total 2022
	£	£	£	£
Shipping and containers	2,380	3,509	5,889	227
Transport and fuel	10,130	-	10,130	2,036
Clothes purchased to supplement donated items	32,953	3,000	35,953	12,165
Shop supplies and stationery	2,180	-	2,180	518
Hygiene products purchased to supplement donated items	5,081	3,657	8,738	587
Individual case support (per grants policy)	12,064	-	12,064	-
Totals	64,788	10,166	74,954	15,533

5. Support costs

	Unrestricted funds 2023	Restricted funds 2023	Total 2023	Total 2022
	£	£	£	£
Subscriptions	351	-	351	412
Printing, postage and communications	402	-	402	273
Miscellaneous	7,072	-	7,072	2,514
Bank charges	159	-	159	3,097
Equipment, masks and testing	22	-	22	296
Rent and utilities	6,893	-	6,893	2,952
Stipends and employee costs	27,669	-	27,669	14,190
Foreign exchange gains/losses	6,276	-	6,276	2,961
Totals	48,844	-	48,844	26,696

6. Debtors

	2023	2022
	£	£
Accrued grant income	-	15,756
Totals	-	15,756

7. Creditors

	2023	2022
	£	£
Loans	10,443	12,873
Totals	10,443	12,873

8. Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 Jun 2022	Incoming resources	Resources expended	Balance at 31 May 2023
Stitching Haella	-	3,509	(3,509)	-
LUSH UK	-	3,000	(3,000)	-
Travers Smith	-	2,000	(2,000)	-
Pads4Refugees	-	1,657	(1,657)	-
Total	-	10,166	(10,166)	-

Stichting Haella

This grant was used for the purposes of preparing and sending a container of aid to Lebanon, specifically clothing and sustainable menstrual pads.

LUSH UK

This grant was used to purchase clothing items inside Lebanon to distribute for free to vulnerable families.

Travers Smith

This grant was for the purchase of hygiene items (toothbrush, toothpaste, shampoo, soap, razors etc.) to distribute to vulnerable families.

Pads4Refugees

This grant was for the purchase of disposable menstrual products to distribute to vulnerable women and young girls.

9. Related party transactions

During the period the charity repaid the following loans to trustees. Robert Corrigan total £1,400 GBP (loan now closed) and Alice Corrigan totalling £2,310 (loan yet to be closed).

10. Trustees

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

11. 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.