

SC00 44559. 2023.1

Hawick Community Café Trustees' Annual Report

for the year:

1st February 2022 to 31st January 2023

Charity contact information

Hawick Community Café (Trading as the Almond Tree)

Scottish Charity Number: SC044559

Address;

[REDACTED]
[REDACTED]
[REDACTED]

Website: www.thealmondtreecafe.org.uk

Charity Trustees

The trustees below served throughout the year:



Objectives and activities

History

Hawick Community café was set up in 2014 to provide help to those who were disadvantaged by mental, social or physical disability, to relieve poverty, and to promote education and citizenship.

This was achieved by providing placements in a café setting which would enable many to find paid work or college placements, and those unable to find paid work, to continue to work within a friendly environment and become part of a team.

It also provided an opportunity for citizenship to members of the public who could volunteer and take on a mentorship role with placements, promoting their education.

How people are helped

Placements are referred either by the Job Centre, Skills Development Scotland, other charities such as Momentum Skills, Learn Direct, Social Services, schools, colleges or self-referred.

Along with learning to work in various positions in the café, including preparing food and drinks, waiting at table, using the till, dealing with the public, cleaning the café and dealing with the laundry, placements learn generic skills relating to function in the workplace, such as time-keeping, personal hygiene and presentation, taking instructions, giving instructions, team-working, taking responsibility etc.

Over the years we have had over half of our placements go on to positive destinations in paid work or college. In the first 4 years, the number of placements would range from 15-20. Latterly this number reduced, as there were more people in work until the Covid Pandemic struck in 2020.

Placements can be 6 weeks long or longer. Some young people are able to have year long placements, funded by Community Jobs Scotland, and achieve SVQ qualifications in Hospitality, or complete Modern Apprenticeships, and Food Hygiene Certificates. Although there have been fewer placements in latter years, their placements have been longer, and more effective in helping placements overcome their difficulties and preparing them for the future.

During the last 8 years, 3 of our placements have been employed by the café itself, unaided by government money, for a period of time, until a ceiling has been reached beyond which they have not been able to function successfully in such a busy and demanding environment. By the end of this financial year there was one still employed by the café, on a permanent contract. Over the past 8 years, approximately 90 placements have been taken.

Structure, governance and management

Our charity is governed by a comprehensive Constitution, and in this it states that the charity functions and outcomes will be monitored and controlled by a Board consisting of between 5 and 9 Trustees, and a membership, which must meet at least once per year, at an AGM, in which a complete report of charity activities and accounts will be presented. Board members will be approved and re-approved by the membership. The Board meets 4 times a year in addition to that, to provide strategic direction to the charity.

Trustee recruitment and appointment

Membership of the charity is open, and Trustees recruited from that membership, are selected on the basis of providing the skills necessary for the task of Board membership of this charity. Skills include financial, accounting, educational (particularly special needs), catering, food hygiene, management and commerce.

The need to recruit more Trustees as stated in our last report, and still remaining, has been superseded this year by other more pressing needs stated below.

The outcomes and impact for this financial year

This financial year began, as the previous year had ended, with a growing return of the customer base, and a new trust in the quality of the service provided. Once again, it had to be acknowledged that the vulnerable employees were not able to meet the high demands of a busy café, and some staff had to be redeployed accordingly, into positions normally held by volunteers. This move was helpful to the functioning of the café, but not helpful to the finances of the café. The result of this was that the café achieved 2 awards during the year, and this further enhanced the customer footfall and the motivation of staff. Mentorship of the placements was as always on-going, and every attempt was made to set targets, and prepare them for moving on to other paid employment.

However, two new and more troublesome developments occurred. The first was the inability to recruit mature volunteers to support the manager in her mentorship capacity. Last year saw the retirement of 3 long-standing volunteers, and despite advertising in the local press and on the windows of the café, few came forward, and fewer were able to cope with the busyness they found. In addition, the pressure from returning customers, necessitated an expansion of opening hours, and although this was not up to previous times, it placed even greater pressure on the existing staff. In addition to this, it was obvious that 2 more elderly volunteers

would be likely to retire at the end of the year. Rumours also abounded, that the government were considering ceasing to fund long job-seeker placements, as both Brexit and Covid-19 had altered the job market, and there were now more jobs available than people willing to work in them. In addition to that, the costs of supplies were rising exponentially, and although the customers were coming, they were being careful, and spending less than they did before.

With this in mind, the Trustees felt it was time to inform the Charity membership of significant changes that were coming, and which could if continued, cause the business and therefore the charity to cease. This was presented as a serious threat at the café AGM held 5th September 2022. They were made aware of the short-term solutions proposed, which involved extending the employment of the 2 placements when funding from the government ceased. This of course would have to be funded from the charity reserves but could not be a long-term solution. The change in the employment market and the likely change in the paid placements was also explained and gave rise to the question that the charitable purposes of the café might not be able to be achieved.

There was an acknowledgement that the customers would be devastated by the closure of the café, and this was viewed with concern. At the close of the meeting, the members were warned that an extraordinary meeting may need to be called, before the end of the financial year, as the Trustees were anxious that generous, appropriate and timely redundancy payments should be paid to existing staff, and notice of closure be given which would enable staff the best chance to find new employment.

It soon became clear that the paid placements from government schemes were indeed stopping, and an Extraordinary meeting was called Monday November 28th 2022, in which the members agreed that the café would cease to trade at the end of the financial year, ie end of January 2023. The remaining assets of the café under the constitution would need to be distributed to a like-minded charity or charities, and although there were none with all 4 aims, there was one Hawick based charity with 3 of the 4 aims, and it was agreed that the charity in question would be likely to be the local Salvation Army, whose work with the food bank had been acknowledged widely.

Staff were informed and redundancies paid, and the café ceased to trade January 31st 2023. As predicted, the customer base were devastated, and in their acknowledgement of the high esteem in which the café was held, over 800 emails of support and sadness were received by the manager.

Financial review

The financial statements are included in this report and show that a significant deficit was caused mainly through redundancy payments but also escalating costs of supplies and energy and paying additional staff as above resulting in unprofitable trading. This was despite twice increasing the prices we charged. We

were reliant again on grants received from the Kickstart program. In addition the last tranche of government support for the hospitality sector (£5,900) was received just at the start the financial year.

Despite the services of many volunteers our major expenditure remains to be staff costs and this is due not only to the nature of the training but also to the fact that all food is prepared and cooked on the premises, a major reason as to why we had many loyal customers.

Statement of our policy on reserves

It was the trustee's intention to hold sufficient reserves to cover the costs of 3 months' trading. Under normal trading that would amount to around £30,000 and this was represented in the deposit account held. The trustees acknowledge that in the circumstance the reserves have been depleted as a result of the decision taken by members to cease trading at the end of this financial year and the extraordinary costs in so doing.

Donated facilities

We are grateful to those who donate fresh produce to the café kitchen and also to the many volunteers who donate so graciously of their time in order to keep the café operational.

Future plans

With the decision taken to cease trading the charity will no longer fulfil its aims and will seek OSCR approval to close the charity as a solvent SCIO and distribute any remaining assets in accordance with our constitution and OSCR guidelines.

Declaration

Signed on behalf of the Charity Trustees

Name

Designation

Chair of Trustees

Date

Hawick Community Café

Statement of Receipts and Payments for the year ended 31 January 2023

	Unrestricted Funds	Restricted Funds	Year ended 31 January 2023	Year ended 31 January 2022
	£	£	£	£
Receipts				
Donations	18.67	-	18.67	170.14
Grants	5,900.00	15,286.80	21,186.80	30,038.60
Charitable trading - café	98,000.68	-	98,000.68	59,512.01
Other Income	34.42	-	34.42	42.75
Total Receipts	103,953.77	15,286.80	119,240.57	89,763.50
Payments				
Costs of charitable trading - café	111,982.63	15,286.80	127,269.43	88,403.13
VAT Payments/(Receipts)	10,394.10	-	10,394.10	3,617.20
Total Payments	122,376.73	15,286.80	137,663.53	92,020.33
Surplus/(Deficit) for the year	(18,422.96)	0.00	(18,422.96)	(2,256.83)

Statement of Balances - As at 31 January 2023

	Unrestricted Funds	Restricted Funds	Total 31 January 2023	Total 31 January 2022
	£	£	£	£
Opening cash at bank and in hand	33,850.94	0.00	33,850.94	36,107.77
Surplus/(Deficit) for the year	(18,422.96)	0.00	(18,422.96)	(2,256.83)
Closing cash at bank and in hand	15,427.98	-	15,427.98	33,850.94

Bank and Cash Balances

Bank current accounts	3,286.31	-	3,286.31	6,661.87
Bank deposit accounts	10,172.57	-	10,172.57	24,138.15
Cash on hand and card sales due	1,076.97	-	1,076.97	768.92
Lloyds Corporate Multipay card	- 283.00	- -	283.00	- 246.00
VAT Balance	1,175.13	-	1,175.13	2,528.00
Total	15,427.98	-	15,427.98	33,850.94

	£	£
Other assets - unrestricted fund		
Various items of kitchen equipment - estimated depreciated value	8,500.00	15,000.00

Liabilities - unrestricted fund

PAYE	264.52	185.34
VAT	2455.23	1,549.16
	2,719.75	1,734.50

Notes to the accounts - for the year ended 31 January 2023

1 Basis of accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended)

2 Nature and purpose of funds

Unrestricted funds are those that may be used at the discretion of the trustees in the furtherance of the objects of the charity. The trustees maintain a single unrestricted fund for the day-to-day running of the charity.

3 Related party transactions

No remuneration was paid to any of the trustees or any connected persons during the year.

	Unrestricted Funds	Restricted Funds	Year ended 31 January 2023	Year ended 31 January 2022
	£	£	£	£
4 Donations				
General donations	18.67	-	18.67	170.14
	18.67	-	18.67	170.14
5 Grants received				
Job Retention scheme	-	-	-	5860.14
SCVO & Kickstart program	-	15,286.80	15,286.80	10,128.46
Scottish Borders Council	5,900.00	-	5,900.00	14,050.00
	5,900.00	15,286.80	21,186.80	30,038.60
6 Income from charitable trading				
Café sales	98,000.68	-	98,000.68	59,452.01
Commission on art sales etc	-	-	-	60.00
	98,000.68	-	98,000.68	59,512.01
7 Costs of charitable trading				
Food costs	22,680.89	-	22,680.89	14,385.95
Staff Costs	54,452.78	15,286.80	69,739.58	47,510.47
Redundancy Payments	12,518.94	-	12,518.94	-
Hawick Baptist Church - Rent	8,000.04	-	8,000.04	9,333.38
Utilities	6,582.33	-	6,582.33	7,269.31
Repair & renewals	2,708.52	-	2,708.52	7,101.75
Finance costs	859.53	-	859.53	487.00
Other costs	4,179.60	-	4,179.60	2,315.27
	111,982.63	15,286.80	127,269.43	88,403.13

8 Restricted Funds

	Opening Balance	Receipts	Payments	Closing Balance
SCVO & Kickstart	-	15,286.80	15,286.80	-
	-	15,286.80	15,286.80	-

date: 25.7.23

Treasurer

APPENDIX 3



Independent examiner's report on the accounts

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Report to the trustees/members of Charity name **Hawick Community Cafe**

Registered charity number SC044559

On the accounts of the charity for the period

Period start date				Period end date		
Day	Month	Year		Day	Month	Year
01	02	2022	to	31	01	2023

Set out on pages

6 - 8

(remember to include the page numbers of additional sheets)

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) 2005 Act and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity trustees consider that the audit requirement of Regulation 10(1) (d) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention [other than that disclosed on the attached page*]

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Accounts Regulations

have not been met, or

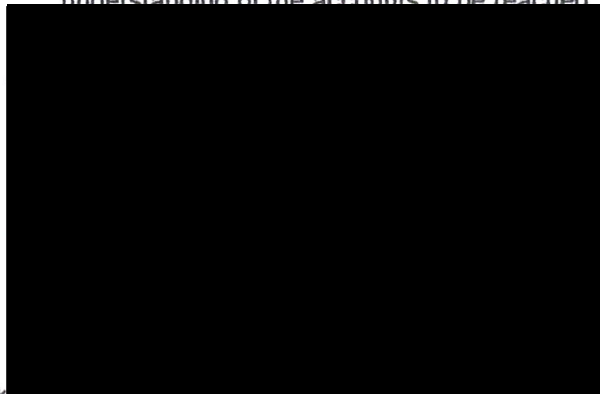
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Signed:

Name:

Relevant professional qualification(s) or body (if any):

Address:



25/7/23

*Please delete the words in the brackets if they do not apply and insert any appropriate matters which have come to your attention on the following page.