

ALLOA COMMUNITY ENTERPRISES LIMITED

(A company limited by guarantee)

Annual Report & Financial Statements

For the year ended

30 September 2020



Company No SC092749



ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The trustees, who are the directors of the company for the purposes of company law, are pleased to present their report and financial statements together with the independent examiner's report for the year ended 30 September 2020.

OBJECTS & ACTIVITIES

Alloa Community Enterprise Limited, charity objectives are the advancement of environmental protection or improvement.

The main activity to meet those aims are the running of a retail shop which collects donations of furniture which are then cleaned up and sold to the general public. The charity also operates a Remakery project.

ACHIEVEMENTS & PERFORMANCE

This set of accounts covers the period 1 October 2019 to 30 September 2020. During the first half of the year until end March 2020, the charity had continued to improve its financial position with a very slight increase in its trading activity and significant reduction in its costs. Because the charity was operating as a viable and improving business at the time of the first lockdown, it received grants firstly from the Third Sector Resilience Fund and then based on its successful operating picture, from Scottish Enterprise. The charity received no funds through the UK business support grants during the first lockdown period due to the size of its premises.

Furthermore, during the first half of the year when the charity was operating fully, the trustees are delighted to report that against the same period the year before, the tonnes of furniture and bric-a-brac diverted from landfill also increased from 795.87 to 864.15 tonnes for the six-month period to end March 2020. This accounted for an 8.6% increase in tonnes diverted from landfill against the same period the year before. In addition, the charity halved the number of times it has taken furniture to landfill against the year before – both saving a direct cost to the charity but also improving the diversion rate by reuse and repair, give-aways, upcycling, and improved levels of wood and metal recycling.

The very slight increase in sales for the same period, and yet higher level of CO2 diversion rates, highlights also the 'good value' and 'positive pricing' framework used by staff to help people in need. This support to those in critical financial situations remains a legacy of the charity's work historically and why it remains so well-loved and supported across Clackmannanshire.

The trustees are also pleased to report on the launch of a new phase of direct operation of the Remakery and Reuse Café at The Hub. The project had started in conjunction with the charity, Community Maintenance and Environmental Enterprises (CMEE) however due to the decision of the CMEE board to close in January 2020, the board of trustees of ACE took the decision to seek ongoing funding to continue the work which was key to improving community awareness, knowledge and skills around upcycling and as a result, meet its charitable outcomes to tackle the climate challenge emergency and protect the environment.

ACE was met by the challenging situation all retailers faced on the start of the lockdown at the end of March 2020. ACE furloughed all staff, except the part-time manager who continued to offer emergency services to local people in need. She was rewarded for her commitment and help by being nominated as a High Street Hero in the Scotland's Towns' Partnership awards announced in Summer 2020.

The shop prepared to reopen from end July onwards, creating a safe space to shop, with limited numbers allowed in, clear signage, sanitising stations and quarantine areas for donated goods and a one way system throughout. It met all the Scottish Government criteria and local Environmental Officers' regulations. The shop felt so safe and pleasant to shop in, many people reported on it via the facebook page and the sales were strong for the few months when it was open in the autumn. Sadly, on the rise in cases in the region and early lockdown in Stirlingshire, moving to Tier 4 in November, the sales dropped dramatically and the board took the difficult decision to close the shop and re-furlough staff for a second time. The shop remained closed until May 2021 and is adhering to the strict government guidelines.

During the summer period, Clackmannanshire Third Sector Interface (CTSI) approached ACE to ask if the local Wee County Veterans' Group could use its Reuse Café space as a drop-in. This was carefully managed with social distancing always in place. It was extremely well received and recognised for improving the mental health

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

of over 30 veterans. In addition, the charity offered a temporary space at the rear of the building for a new community interest company, Vital Spark Racing CIC which helps train young people with barriers in restoring power boats. The organisation has now planning to move to new premises.

The charity continued to work with volunteers with a range of barriers over the year, in particular providing meaningful work opportunities and a safe place to work. Around 10 volunteers regularly work with the charity and it is hoped that now that a permanent Volunteer Coordinator is in place, this number will increase. The charity has worked closely with other local charities including Wellbeing Scotland, Alzheimer's Scotland, Lifeskills, Scottish Families against Drugs and Alcohol, CTSI, Clackmannanshire Women's Aid, Homestart Clackmannanshire, Wee County Men's Shed and Forth Valley Men's Shed, as well as Secondary School Support and Clackmannanshire Council Social Work department.

The charity is delighted to have started working with the University of Stirling on work to achieve better reporting on its diversion rates, and in collaboration hopes to help to develop a more advanced system for use across Scotland.

The Trustees have paid due regard to guidance issued by the Office of the Scottish Charity Regulator (OSCR) in deciding what activities the Charity should undertake. They are delighted to report the following:

Key Achievements & performance

- 8.6% increase in tonnes of furniture diverted from landfill over the first six month period of the year to 864.15 tonnes.
- Half the number of visits to landfill against the year before of goods unable to be sold indicating a greater number of items recycled, repaired and reused.
- General Manager receives High Street Heroes award for her work through the pandemic to help local people in need.
- New Remakery and Reuse Café will continue for a further three years after receiving funding from the National Lottery for Communities under the management of ACE. It will train young people as Climate Challenge Champions and encourage different groups, including women to build confidence and be enterprising through reuse.
- Around 10 volunteers enjoyed support and meaningful work and social opportunities through ACE. A new dedicated Volunteer Coordinator will help induct and support more volunteers.
- The Hub continued to be base for a large number of third sector organisations, including a new drop-in for the Wee County Veterans and temporary space for Vital Spark Racing CIC this year also.

FINANCIAL REVIEW

The income for the year was £199,598 (2019 £166,813), principally from sales of second hand furniture, furlough grant income and two other grants, the Third Sector Resilience Fund and Scottish Enterprise business continuity support grant. Expenditure was £151,255(2019 £169,882), giving rise to a surplus for the year of £48,343 (2019 Deficit £3,152).

The financial situation continues to be challenging with the pandemic giving rise to much uncertainty however the Scottish Enterprise grant is in place to help ease cash flow and cover the ongoing costs until the trading levels return to normal. It is hoped that the positive sales during the re-opening period, that recovery will be swift. At the time of writing, only one creditor remains and they are happy to delay a repayment scheme until the charity reopens.

ACE have put in a request to the administrators of ACE Recycling Group for a repayment of some of the utilities costs and are awaiting further information. Staff and the management team continue to increase sales whilst driving down costs

It is hoped that the launch of a new website in 2021, will help encourage more people to sign up for Gift Aid, if applicable, at the point of booking their collection, and the offer of an online shop of vintage, unusual and upcycled items will help to increase income further.

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FOR THE YEAR ENDED 30 SEPTEMBER 2020

Principal risks

ACE trustees regularly review the risks to which the charity is exposed but consider that ACE has the relevant policies and procedures in place to mitigate any risk. They do not consider that they are any substantive risks beyond the liabilities that are disclosed in the financial review and statements

Reserves policy

The reserves at the year end are £21,067. The board hopes to maintain at least three months' operating costs as reserves to ensure the charity is operating safely going forward.

The present reserves are below target, however, the aim is now to reduce the final debts in a managed way combined with building reserves over the next few years to ensure at least three months' running costs are in place.

Alongside this, the board will be setting out its vision for the future and seeking new opportunities to increase recycling and reuse across Clackmannanshire with a wide number of partners.

FUTURE PLANS

The trustees can report that they have received three years' funding in December 2020 from the National Lottery for Communities Fund. This funding will help young people and other volunteers to take part in the Remakery and its associated training. It is hoped, that, in the future, this project will become a stand-alone sustainable facility run by ACE and used by a wide number of people across Clackmannanshire, Fife and Stirling. It aims to teach upcycling and repairing items of furniture, and teaching and promoting through community engagement more widely the key messages of reuse, recycling and repair, in line with the charitable purposes of ACE.

STRUCTURE GOVERNANCE AND MANAGEMENT

Governing document

Alloa Community Enterprises Ltd (ACE) is a charitable company limited by guarantee and was incorporated on 10th April 1985 and granted charitable status at the same time. The company is governed by its Memorandum and Articles of Association last amended on 27th June 2019. The members of the company are required to contribute an amount not exceeding £1 if it should be wound up while he/she is a member or within one year after he/she cease to be a member.

Appointment of trustees

The members at the AGM elect the trustees. The trustees retire at the AGM each year and are eligible for re-election. The trustees serve for a maximum of two terms with each term lasting three years. The trustees may also from time to time co-opt trustees who they feel have the relevant skills.

Trustees Meetings

The trustees meet regularly to review the present projects together with planning of future strategies of the charity and to monitor progress both financial and in terms of project delivery. The day-to-day administration of the charity is delegated to the manager who provides detailed information to the Trustees.

Induction and training of trustees

Potential trustees are interviewed by the Company Secretary, and then, invited on a tour of the facility by the manager. When appointed, new trustees are provided with an Alloa Community Enterprise Ltd information pack which contains copies of the governing documents, annual reports and other relevant trustee documentation. Training on specific topics are offered as required.

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name	Alloa Community Enterprises Ltd
Charity No	SC013106
Principal Office	The Hub Whins Road Alloa Clackmannanshire FK10 3SA
Website Address	https://ace.scot/
Current Trustees	Anthea Coulter Jacqueline McGuire Ian Taylor Matthew Woodthorpe Appointed 1st April 2021
Bankers	Clydesdale Bank 56 Murray Place Stirling FK8 2BX
Independent Examiner	Anne Knox FCIE Community Accountancy Scotland Forthside Way Stirling FK8 1QZ

APPROVAL

This report, which has been prepared in accordance with the provisions in the Companies Act 2006 relating to small companies, was approved by the trustees on 20th May 2021 and signed on their behalf by:



Jacqueline McGuire

Chair

INDEPENDENT EXAMINER'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Independent examiner's report to the trustees of Alloa Community Enterprises Limited

I report on the accounts of the charity for the year ended 30 September 2020, which are set out on pages 8 to 15.

Respective responsibilities of trustees and examiner

The charity's trustees (who are the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 ("the 2005 Act") and the Charities Accounts (Scotland) Regulations 2006 (as amended) ("the 2006 Regulations"). The trustees consider that the audit requirement of Regulation (10)(1)(a)-(c) of the 2006 Regulations does not apply.

It is my responsibility to examine the accounts under section (44)(1)(c) of the 2005 Act and to state whether particular matters have come to my attention.

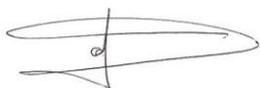
Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 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 connection with my examination, no matter came to my attention:-

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 Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Regulationshave 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.



Anne Knox, FCIE

Community Accountancy Scotland
Cameron House
Forthside Way
Stirling
FK8 1QZ
21st May 2021

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME & EXPENDITURE ACCOUNT)**

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	Total 2020	Total 2019
Income and endowments from:		£	£
Donations and legacies	4	98,166	797
Charitable activities	5	101,432	166,016
		199,598	166,813
Expenditure on:			
Raising funds	6	83,459	87,885
Charitable activities	7	68,033	81,997
		151,492	169,882
Net income/(expenditure)		48,106	(3,069)
Transfer between funds		-	-
Net movement in funds		48,106	(3,069)
Reconciliation of funds			
Total funds as at 01 October 2019		(27,039)	(23,970)
Total funds as at 30 September 2020		21,067	(27,039)

All funds are unrestricted

All income and expenditure derives from continuing activities.

The above statement includes all gains and losses recognised during the year, and complies with the requirements for an income and expenditure account under the Companies Act 2006

Comparative Statement of Financial Activities is shown in Note 13

The Notes on pages 10 to 15 form an integral part of these accounts.

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Note	Total 2020	Total 2019
Fixed assets:		£	£
Tangible assets	9	354	417
Current assets:			
Debtors	10	10,077	7,531
Cash at bank and in hand	11	27,072	3,164
		37,149	10,695
Liabilities:			
Creditors (due within one year)	12	16,436	38,151
Net current assets		20,713	(27,456)
Net Assets		21,067	(27,039)
Funds of the charity:			
Unrestricted funds		21,067	(27,039)
		21,067	(27,039)

The trustees (who are also the directors of the company for the purposes of company law) confirm that for the year ended 30 September 2020

- the company was entitled to exemption from audit under section 477 of the Companies Act 2006, and
- members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act. However, in accordance with section 44 of the Charities and Trustee Investment (Scotland) Act 2005, the accounts have been examined by an independent examiner whose report appears on page 7.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

All funds are unrestricted

The Notes on 10 to 15 form an integral part of these accounts.

These accounts, which have been prepared in accordance with the provisions in the Companies Act 2006 relating to small companies, were approved by the trustees on 20th May 2021 and signed on their behalf by:



Jacqueline McGuire

Chair

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Basis of preparation

- 1.1. These accounts (financial statements) have been prepared under the historic cost convention, with items recognised at cost or transaction value, unless otherwise stated in the relevant note(s), in accordance with:
 - (a) The Charities and Trustee Investment (Scotland) Act 2005
 - (b) The Charities Accounts (Scotland) Regulations 2006 (as amended)
 - (c) The Companies Act 2006
 - (d) The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)
 - (e) Charities SORP (FRS 102) 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 01 January 2015)
- 1.2. The charity has prepared its accounts in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.
- 1.3. In preparing the accounts, the trustees were not required to make any judgements that would have a material effect on the numbers reported.
- 1.4. There have been no changes to the basis of preparation or to the previous year's accounts.
- 1.5. The charity meets the definition of a public benefit entity as defined by FRS 102.
- 1.6. The trustees have reviewed the financial position of the charity and are satisfied that it has sufficient resources to continue for at least 12 months beyond the date of approval of these accounts. The accounts are thus prepared on a going concern basis.

2. Accounting policies

- 2.1. Fund accounting In accordance with the principles set out in the SOPR, the funds of a charity are divided between different funds such as
 - (a) Unrestricted funds available for use at the trustee's discretion for any expenditure falling within the objects of the charity.
 - (b) Designated funds are unrestricted funds that the trustees have set aside for particular purposes. The designation is administrative only and does not restrict the trustees' ability to apply the funds.
 - (c) Restricted funds – funds given to support specific projects or initiatives.

At the end of this financial year, all funds are unrestricted.

2.2. Income

Income is recognised and included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to the income; receipt is probable; and the monetary value can be measured with sufficient reliability. The specific bases used are as follows:

- (a) Donations are recognised when due, which is normally on receipt. Tax recoverable under gift aid is recognised at the date of the corresponding income.
- (b) Grants – where entitlement is not conditional on the delivery of a specific performance by the charity, incoming resources from grants are recognised when the charity becomes unconditionally entitled.

Grants – where related to performance and specific deliverables, incoming resources are accounted for as the charity earns the right to consideration by its performance.
- (c) Trading income is recognised when due, which is normally on receipt.
- (d) Bank interest is recognised when credited to the account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

- (e) Where income has related expenditure (e.g. fundraising), the income and related expenditure are reported gross in the SoFA.
- (f) Income, which is subject to conditions that the charity has yet to fulfil, or which is specifically for use in a future accounting period, is treated as deferred income.
- (g) The value of voluntary help is not included in the accounts but is described in the trustees' annual report.

2.3. Expenditure and liabilities

Liabilities are recognised when it is probable that there is a legal or constructive obligation committing the charity to pay out resources and the monetary value can be measured with sufficient reliability. The specific bases used are as follows:

- (a) Expenditure is recognised on the accruals basis.
- (b) The charity VAT registered thus all costs are shown net of VAT charged.
- (c) Governance costs include the costs of preparation and examination of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

2.4. Tangible assets

- (a) Tangible assets are capitalised if they can be used for more than one year, and cost at least £250. They are valued at cost or, if gifted, at their value on receipt.
- (b) Depreciation is calculated to write off the cost of tangible fixed assets over their useful economic lives. The rates used are as follows:
 - (i) Office equipment 15% Reducing balance

2.5. Debtors

- (a) Debtors are recognised at the settlement amount due.
- (b) Prepayments are valued at the amount prepaid.

2.6. Cash

- (a) Cash includes cash in hand and bank deposits repayable on demand.

2.7. Creditors

- (a) Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount, usually the invoice amount.
- (b) Accrued charges are normally valued at their settlement amount.

2.8. Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.9. Taxation

The charity is not liable to corporation tax or capital gains tax on its charitable activities.

3. Transactions with trustees and related parties

- (a) No remuneration was paid to the trustees during the year (2019: £Nil).
- (b) No expenses were reimbursed to the trustees during the year (2019: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

- (c) The charity's insurance policy includes trustee indemnity insurance cover for all of its trustees.
- (d) Related Parties 1: During the year Alloa Community Enterprises Ltd (ACE) received an interest free loan of £3,000 from Clackmannanshire Third Sector Interface Ltd (CTSI) Anthea Coulter, ACE Trustee, is the Chief Executive Officer of CTSI. (2019: £Nil). This loan was paid back in full within the financial reporting period.

Related Parties 2 : ACE's list of creditors includes £9,397 due to CTSI

Related Parties 3: During the year, Stirlingshire Voluntary Enterprise Ltd (SVE) the Independent Examiner's employer paid fees amounting to £264 to ACE for documentation storage.

- (e) There were no other payments to trustees or connected persons except as shown in this note.

4. Income from donations and legacies

	Total	Total
	2020	2019
	£	£
Gift Aid	1,539	797
Job Retention Scheme	22,823	-
The Pivotal Enterprise Resilience Fund .	51,500	-
Corra FoundationThird Sector Resilience Fund	22,304	-
	98,166	797

5. Income from charitable activities

	Total	Total
	2020	2019
	£	£
Rental income	16,550	18,750
Shop income	84,448	138,604
Other	434	8,662
	101,432	166,016

6. Expenditure on raising funds

	Total	Total
	2020	2019
	£	£
Hire of Equipment	8,601	8,693
Salaries (See Note 8)	74,858	79,192
	83,459	87,885

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

7. Expenditure on charitable activities

	Total	Total
	2020	2019
	£	£
Property rent	33,226	41,027
Overheads	27,046	29,244
Loss on sale of asset	-	3,076
Depreciation	63	175
Professional fees	5,266	5,823
Bank Charges	1,932	2,302
Governance -Independent Examiner's Fee	500	350
	68,033	81,997

8. Staff costs

	2020	2019
	£	£
Salaries and wages	73,780	79,192
Employer's national insurance	167	-
Employer's pension contributions	911	-
	74,858	79,192

No employee received remuneration in excess of £60,000

<u>Average number of employees</u>	2020	2019
Retail	6.0	8.0
	6.0	8.0

The charity operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The employer's pension costs represent contributions payable by the charity to the fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

9. Tangible assets

	Office Equipment	Total 2020
Cost	£	£
As at 01 October 2019	585	585
Additions	-	-
Disposals	-	-
Revaluations	-	-
As at 30 September 2020	585	585
Depreciation		
As at 01 October 2019	168	168
Charge for year	63	63
Eliminated on disposals	-	-
As at 30 September 2020	231	231
Net Book Value		
As at 01 October 2019	417	417
As at 30 September 2020	354	354

10. Debtors

	Total 2020	Total 2019
	£	£
Trade Debtors	5,654	2,220
Prepayments & Accrued Income	4,423	5,311
	10,077	7,531

11. Cash at bank and in hand

	Total 2020	Total 2019
	£	£
Bank Current Account	26,900	2,770
Cash	172	394
	27,072	3,164

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

12. Creditors (falling due within one year)

	Total	Total
	2020	2019
	£	£
Taxation and Social Security	319	(1,519)
Trade Creditors	13,767	34,884
Other creditors	-	85
Pension	-	439
Accruals and Deferred income	2,350	4,262
	16,436	38,151

13. Comparative Statement of Financial Activities

	Total	Total
	2019	2018
	£	£
Income and endowments from:		
Donations and legacies	797	9,594
Charitable activities	166,016	162,770
	166,813	172,364
Expenditure on:		
Raising funds	87,885	95,278
Charitable activities	81,997	104,208
	169,882	199,486
Net income/(expenditure)	(3,069)	(27,122)
Transfer between funds	-	-
Net movement in funds	(3,069)	(27,122)
Reconciliation of funds		
Total funds as at 01 October 2019	(23,970)	3,152
Total funds as at 30th September 2019	(27,039)	(23,970)

14. Operating Leases

In 2012 the trustees entered into a tenancy agreement in respect of the premises known as The Hub, located at The Whins, Alloa. Clackmannanshire FK10 3SA for a period of ten years from 1st May 2012

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The charity has the option to terminate the agreement in 2015, 2018 and 2021 by giving three months prior written notice. The non-cancellable amounts payable under the agreement (for rent, insurance and service charges) at the financial year- end are

	Total	Total
	2019	2018
	£	£
Within 12 Months	33,000	33,000
	33,000	33,000