

Community Gift Exchange SCIO

Trustees' Annual Report

Nov 2022 to Oct 2023

CGX
Community Gift Exchange

CYCLEWORKS
REFURBISHED BIKES
FOR CHRISTMAS!

CGX
Community Gift Exchange

**BLACK FRIDAY
OFFERS AVAILABLE**

CHRISTMAS GIFTS ELECTRICALS
STEREOS TELEVISIONS KETTLES FRIDGES
COFFEE MACHINES SLOW COOKERS TOYS
DIGITAL PLAYERS HOUSEWARE GAME CONSOLES

All goods are safety checked, clean, with a three month warranty included

CGX
Community Gift Exchange

**REFURNISH
BLACK FRIDAY**
OFFERS ON A SELECTION OF
SECOND HAND FURNITURE

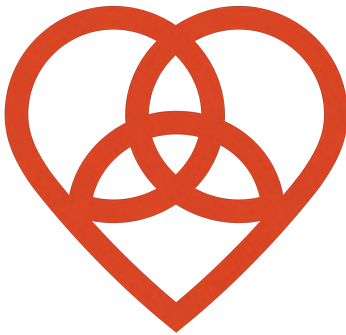
JUST IN TIME
FOR CHRISTMAS!

DELIVERY AVAILABLE ON ALL GOODS
BOUGHT IN STORE

CGX
Community Gift Exchange

**CYCLEWORKS
BLACK FRIDAY
REFURBISHED BIKES**

Charity contact information



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Objectives and Activities

Community Gift Exchange was set up with the following aims (our charitable purposes):

1. to contribute to the prevention and relief of poverty and the social and professional integration of disabled and disadvantaged people through the provision of employability services and person-centred practical support.
2. the advancement of education through delivery of vocational and life skills training, where applicable, leading to recognised qualifications;
3. the advancement of religion through demonstrating and facilitating participation in a Christian model of care including compassionate social outreach and good stewardship of the environment;
4. to promote the advancement of health - mental, physical and spiritual - through the provision of occupational opportunity and person-centred holistic support.
5. to advance citizenship and community development: promoting civic responsibility and volunteering; and urban and rural regeneration by providing facilities, training, and support to businesses and unemployed people; and amenities and recreational facilities for use by the public.
6. to advance environmental protection and improvement, and the public understanding of sustainable development, through managing and promoting social enterprise projects that intentionally demonstrate low carbon-emission, low waste, and low pollution circular economy principles and practice, including repairing and reusing, repurposing or recycling material goods, and sustainable development projects that improve healthy access to open and green spaces.

To achieve these aims, CGX core volunteer and paid staff develop, implement and engage volunteers in practical work skills and experience workshops, presently collecting, preparing, selling and distributing donated bicycles, instruments, furniture and electrical appliances.

Our paid supervisory staff train volunteer supervisors who work alongside volunteer trainees to help them overcome barriers to employment. Trainees receive individual personal development coaching and support to be released into sustainable employment with a fair work employer or further training.

For some trainees, CGX is a positive destination, providing workplace opportunities, companionship and other practical support including participation in free shared meals and discounted home goods. In addition to the workshops, CGX volunteers and trainees participate in the running of its logistics service and charity retail shops.



Structure, governance and management

Structure

Community Gift Exchange is a Scottish Charitable Incorporated Organisation (SCIO) with a Single Tier Governance structure. The Board of Trustees are the Directors and only formal Members of the organisation. At the end of this financial year, we had four Trustee Director Members.

Governance

Type of governing document

Community Gift Exchange SCIO's governing document is its Constitution. This document is based on the SCVO Model Single Tier SCIO Constitution.

Trustee recruitment and appointment

CGX Trustees are nominated by members of the Board of Trustees on the basis of their fit for the general or specific role as member and director and potential office bearer of CGX SCIO. No external organisations are required to appoint CGX charity trustees.

With agreement of the Board, nominee's will be invited to visit and observe the CGX charitable activity and be introduced to the Vision and Purposes of the Charity. Should they be interested in becoming a Trustee they attend a Board Meeting, giving an account of how they could participate in realising the charity's purposes through applying their skills and experience. The Board then passes a resolution by majority vote on whether and when to appoint the person.

Induction and training of new trustees

All new Trustee Directors receive appropriate induction and training to allow them to fulfil their role as Members of the organisation and as members of the Board of Directors. The training is given in-house based on the Office of the Scottish Charity Regulator (OSCR) guidance on Managing a Charity.



We note with sincere gratitude the six years of encouragement and guidance from one of our founding members, Linda Stefani, who retired as a Trustee in July 2023. We were delighted that Matthew Pound, an early volunteer and our former CW Supervisor - now a full time primary teacher - joined the CGX Board in March 2023.

Management

Effective management of the charitable reuse social enterprise is the responsibility of the Directors, who develop its strategic policy and planning at quarterly in person or online Board Meetings and intervening communication via email.

The Managing Director (MD) has the responsibility of the day to day running of the organisation in accordance with the Organisation's Policies. The MD leads our team of Works Supervisors - paid Employees or unpaid Volunteers - supporting them to develop Procedures for their operational roles delivering safe and engaging activity in alignment with the Organisational Policies and Directors' strategic aims to achieve the Organisation's Purposes. The Supervisors sustain the productivity of each Works, directly and through their supervision of Volunteers and Trainees.

Risk Management

The principle risks to be managed by the CGX Board are the physical safety of participants carrying out reuse activities, and the protection from harm of vulnerable adults. It is the policy of CGX to comply with all of its obligations under the Health and Safety at Work Act 1974 (as amended), the Management of Health and Safety at Work Regulations 1999 (as amended), and other supporting legislation. The Board manages Health and Safety risks by developing and reviewing the CGX Health and Safety Policy, for its operational dissemination and implementation by the Managing Director through to the Supervisory Staff, Volunteers and Trainees.

The MD and Supervisor of each Works co-produce scored operational risk assessments for their activities that identify, avoid or mitigate potential hazards. Staff, Volunteer and Trainee Inductions include individual risk assessments, determining appropriate tasks, training and support needs. PVG disclosures are required of Supervisory Staff during recruitment as a preventative measure to reduce the risk of harm to vulnerable adults. A well promoted Safeguarding Policy and 'direct line' to our Safe-guarding Officer is in place as an early intervention measure to reduce the risk further.

Actively managing risk relating to the loss of personal data, the Board has oversight of the CGX Privacy Policy, directing its implementation by CGX MD as Data Protection Officer, in accordance with the Data Protection Regulations Act (2018). Physical records are locked securely in a cabinet within a locked office for each individually secured main premises. These 3 layers of security ensure appropriate sensitive data is kept secure but accessible should it be required by management. Electronically, records are stored using Google Workspace, trusted to secure that information through proper adherence to its continually updated security measures. Individual users are assigned their own CGX Workspace accounts - setting and changing their own passwords - and permitted access to Shared Drives according to need by the CGX Account Administrator.

Staff Support and Development

All employees receive the Scottish Living Wage, contributing to CGX achieving recognition through our Local Authority as a Fair Work employer. Developed through the Volunteer Scotland 'Volunteer Friendly' scheme, our employees, volunteers and trainees are guided through a thorough Induction to CGX Policies and Practices as readily referred to in our Employee and Volunteer Handbooks. This includes clear guidance on seeking direct support from our Board's nominated Safeguarding Officer.



We work with Volunteer Disclosure Scotland to enrol our Supervisors onto the Protection of Vulnerable Groups (PVG) Scheme to enable them to carry out regulated work with vulnerable adults. Funded by the Scottish Government Volunteer Support Fund, we established a Volunteer Coordinator (VC) responsible for the development of all



aspects of our Volunteer Journey. The VC developed our in-house Volunteer policies and procedures leading to CGX recognition by the DWP as a Disability Confident Employer.

Committed to the principle of Continuous Improvement, CGX receives training and guidance from Zero Waste Scotland's Revolve Standards for Reuse team as we work to implement their quality management system for safe and consumer friendly Reuse operations. The CGX MD facilitates weekly Staff Training sessions, coaching the Supervisors in the principles and practices of Lean Continuous Improvement and working together to improve CGX productivity and sustainability as a Social Enterprise.

Through our partnership with the Local Authority's Evolve Scheme (for over 25 year olds), our 3 paid Trainees received additional training and support from our Employability and Skills Service to develop their generic employability skills and, for the 2 we could not employ further, support with subsequent job searching.

Sector Participation



CGX is a member of various national Third Sector, Charitable and Volunteering support organisations including: the Scottish Council for Voluntary Organisations (SCVO), Volunteer Scotland, Social Enterprise Scotland, Zero Waste Scotland and Circular Community Scotland. They have provided guidance on governance documents, training and methods of being a financially and environmentally sustainable social enterprise. Additionally, we have received

support from Social Investment Scotland to help become more investment ready with plans to purchase premises from which to operate in the future.

We are also a member of local Third Sector support organisations that facilitate networking, knowledge sharing, collaborative working, securing grants, volunteer recruitment and training and contracting opportunities: South Ayrshire Social Enterprise Network (SASEN), and our Local Authority Third Sector Interface, Voluntary Action South Ayrshire (VASA).



Local delivery partners for our supported employability services include the DWP and Local Authority Employability and Skills

Services, Education Services Academies, Ayrshire College and developing the Young Workforce. Health and Wellbeing project partners include the Ayrshire Health and Social Care Partnership, NHS Community Mental Health Services and the South Ayrshire Alcohol and Drugs Partnership.



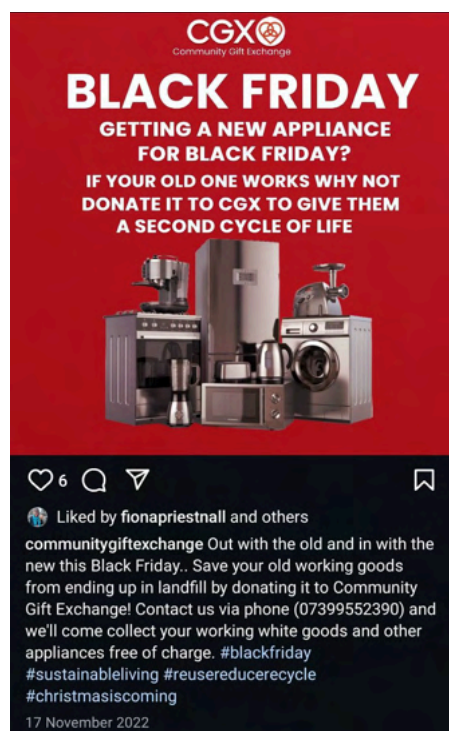
Achievements and performance

Overview of FY22-23

Quarter 1 (Nov22-Feb23)

CGX entered the financial year with 17 paid employees as Supervisors and Assistants leading and supporting volunteers and trainees in five core 'Works'. Our continued use of the Kyle Centre included facilitating our Administration Works, Restoration Works, Appliance Works (Large and Small), Training Room, Staff Canteen and Reuse Hub comprising 5 former shop units as warehousing and preparation areas for donated furniture and other homeware. With restrictions on the collection of furniture donations in place, the Logistics Works team focussed on the internal movement of goods between the Reuses

Hub, our High Street charity shops 'Reusables by CGX', and the combined 'Cycle Works and Refurnish by CGX', and external deliveries of sold items to members of the public, and the proper recycling of waste materials.



Utilising the graphic design skills of one of our Evolve Scheme employees, we launched a social media campaign during the Black Friday electrical sale, seeking both to promote our second-hand electrical products but also to request the donation of working surplus items when replaced by newly purchased ones. With only a small following on Facebook and Instagram, such ads had no significant impact on donations or sales compared to

the more direct impact of the poster versions and goods on display in the High Street shop windows. Costing many hours of labour to produce, similar Christmas sales graphics looked good but did little to change the consumer preference for new products as gifts, even in the midst of a growing 'cost of living crisis.'

The Russian invasion of Ukraine led to a significant increase in energy costs, overall inflation reaching 11% in Oct 22, food items increasing by 20% and many people experiencing 'fuel poverty' - prioritising essential food over heating their homes. Recognising the increased use of portable heating appliances, CGX secured funding from the Electrical Safety Fund to provide free safety checking of electrical heaters and heated blankets, with funded equipment to replace unsafe items. The project included visiting sheltered accommodation to carry out 'surgeries' in the common rooms, and invitations to bring items for testing at our Reusables shop.



After a frustratingly slow year of development work, we finally introduced the Kudos electronic point of sale system into our Reusables shop, seeking to provide a more relevant experience for retail trainees in the use of contemporary IT systems including bar-code scanners and touch-screen tills.

Quarter Two (Feb22-Apr23)

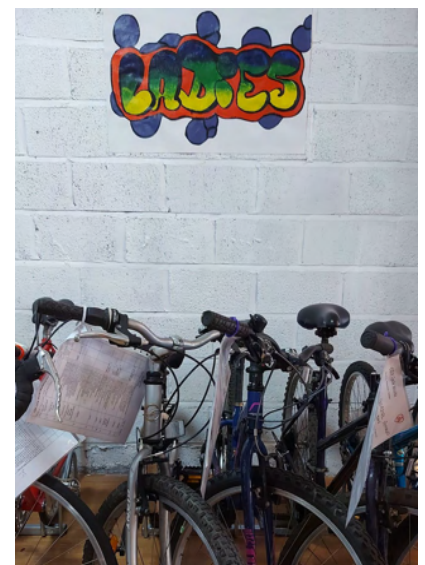
Cycle Works completed their 40th Silver Service carried out since Nov22, at no cost to the rider, funded by the Cycling UK Scotland Cycle Repair Scheme. This included selecting and servicing bikes for a further 6 Ukrainian refugees providing them with a very low cost means of active travel about the town that is cheaper and healthier than public transport and car ownership.

Seeking to pilot more impactful Employability services, CGX partnered with Ayrshire College to provide work experience placements to members of their Supported Education Classes: 12 students for 40hrs each over 10 weeks; and 8 students for 20hrs each over 5 weeks. CGX supervisors produced training programmes and ended each session guiding the student through completion of a Learning Journal.

Experiencing significant monthly shortfalls in cash flow, exacerbated by significant delays in repayment of Evolve Scheme wage repayments, it became necessary to reduce our wage costs to sustain operations overall. Measures included suspending our Appliance Works and Reuse Hub, reducing the number of shop opening days, and the difficult task of making 3 members of staff redundant. Subsequently building on their experience of working with people with barriers to employment, one Supervisor moved into paid employment as a care support worker, as did our Cycle Works Supervisor who voluntarily resigned to do so. The two other former staff members subsequently found paid jobs in the wider Retail sector.



Meanwhile, we were encouraged to receive the artistic support of students at Kyle Academy in the production of graffiti style signage for the various sections of Cycle Works.



Quarter three (May - Jul 23)

Staff changes continued with the completion of the Evolve Scheme, one member of which was initially employed as our Cycle Works Assistant and subsequently became its Interim Supervisor. Our CGX Administration Manager, recruited during the first wave of Kickstart, also moved on to employment with a larger company, carrying forward the skills and experience developed at CGX. Followed by our former Kickstart Admin Assistant returning to full-time University studies, it was possible to reduce the manual book-keeping task better utilising the increased sales data captured by our existing Kudos and Zettle electronic point of sale systems.



Relocating our Community Mental Health and Wellbeing funded Ayr Community Workshop activity from the Kyle Centre into our Refurnish store enabled the public to see furniture being restored on the shop floor. This made the opportunity to join in more accessible and visible to potential volunteers.

Enabled by the award of a grant from the Agnes Hunter Fund, a longer term Appliance Works Volunteer and former Electrical Engineer was employed as our Appliance Works Supervisor, with a remit to lead trainees through PAT Test training and run weekly Appliance Repair Sessions for volunteers. A former Reuse Hub Volunteer, originally referred by the DWP, had by this time overcome some of their barriers to employment and had acquired sufficient skills as a PAT Tester to take on the combined role as Reusables Day Supervisor and Appliance Works Assistant, testing donated appliances between serving shop customers. Closing the shops on Tuesday's provided a stock prep and shop restock day, during which white goods could also receive deeper cleaning and increasingly comprehensive function testing in the Large Appliance Works in Unit E of the Kyle Centre.

Quarter Four (Aug - Oct 23)

Whilst preparing our Annual Accounts we identified financial irregularities and launched an internal investigation by our Treasurer. Identifying missing funds, we sought guidance from OSCR, who advised that, should we suspect embezzlement of funds, we would need to inform the police. Further details are recorded in the Financial Risk Management section of this report.

To determine the scope and scale of the loss, we carried out a further audit of all shop cash sales and petty cash transactions for the period of a year between July 22 to June 23, after which no further irregularities were identified. Recognising the additional administrative workload of this audit, CGX accepted the generous offer from local business, Fly High Early Learning, who donated a day a week of Interim Manager support to help sustain the administration of our ongoing charitable activity. By the end of FY22-23, the CGX paid staff had reduced to 1 full time and 6 part-time employees.

The Financial Year ended with some Financial encouragement in the receipt of a significant Access to Bikes for Young People grant - from the Scottish Government via Cycling Scotland - to prepare and deliver 220 bikes to under 18 year olds living in South Ayrshire. Such a project would subsequently help sustain Cycle Works through the Winter of 2023, a season of reduced in-store bike sales to local customers.

Social Impact

Opportunities for Volunteering

During this Financial Year our community benefited from the gifts of 41 non-job-seeking Volunteers who collectively contributed over 4850 hours to the social enterprise of CGX.

Of these Volunteers, 12 were retired, 12 were young people still in full-time education, and a further 7 were on long-term benefits following limited capability for work assessments.

These Volunteers worked alongside 65 volunteer unpaid work-experience Trainees, and 3 voluntarily entered paid employability scheme Trainees, helping them gain work skills and



experience in their journey towards and into work. 3 Trainees became regular employees of CGX this year, following the 11 former Trainees from the previous two years.

Of the 41 non-job-seeking Volunteers: 6 volunteered at Cycle Works, with a further 12 supplying artwork from their Academy Art classes. 8 people volunteered with Administration Works (including our 4 Trustees), 4 participated in our Restoration Works; 2 in our Retail Works; and a further 1 volunteered at Appliance Works.



Supported Employment and Employability

Although employment of people with barriers to employment is not deemed charitable in itself, supported fair work is recognised as requiring additional supervision and does directly contribute to overcoming the poverty associated with long-term unemployment. During FY22-23, CGX directly employed three of our volunteers, not in full time education and with barriers to employment, two in our Appliance Works - one jointly in Retail Works - and the other in our Administration Works.

However, employability training - supporting people in their journey towards and into work - is considered charitable activity when carried

out by a third sector organisation, especially when providing opportunities beyond those available through state-funded statutory provision. In addition to role specific skills, all CGX Trainees receive core skills training in Health and Safety at Work, customer services, charity retail operations, workplace ICT, continuous improvement, and Disability and Volunteer Friendly employee policy and practice including confidence in working with people with disabilities and barriers to learning.

In mid-2022, South Ayrshire Council Employability and Skills department initiated a scheme for the Long Term Unemployed designated 'Evolve'. The Evolve Scheme comprised six-month paid placements for adults with some form of barrier to employment. CGX progressed 1 of our cycle Volunteers into the Evolve Scheme in the role of Cycle Works Assistant. We subsequently accepted 2 other Trainees nominated by E&S, one as a Furniture Retail Assistant, and the other as a Warehouse Assistant, who - on discovering and developing his passion and skills as a Graphic Designer - produced adverts for our social media and in-store posters. The Cycle Works Assistant was retained beyond the scheme, taking on the role of Interim Supervisor six months later.

Social Inclusion and Mental Health



Not everyone participating at CGX is expected to work or is not yet ready for work due to long-term physical or mental health conditions. However, it is our experience that some people do not want to be excluded from the work-place and appreciate volunteering and being included in our reuse activities as regular team members, often keenly wearing our

CGX logo branded work clothes, having personal job-titles, and enjoying the camaraderie in our canteen breaks and shared lunches.



This year our 4 longest serving regular Volunteers with higher supervisory needs assisted with the essential task of dismantling bikes



beyond reuse into their metal and non-metal parts for responsible recycling. They also took part in our Ayr Community Workshop, sanding wooden furniture prior to refinishing. Once trained, we find our Volunteers like to be given as much autonomy as can be safely facilitated,

usually enjoying working together for the company and mutual support.

Our longest serving volunteer, Alison - this year helping to restore furniture in the Ayr Community Workshop - continued to act as Assistant Volunteer Coordinator remembering birthdays, buying cakes & cards, collecting signatures & insisting that the shops be closed & the staff be gathered to celebrate birthdays & Christmas Meals!

This year we were able to help her celebrate her 80th birthday! "I don't know why retired people complain about feeling lonely or bored", she said, "They should come and volunteer at CGX like I do!"



Health and Wellbeing

Through our sale of 90 refurbished bikes, donation of a further 10 and free servicing of 40 others, we continued to contribute to the shared aim of Cycling UK to encourage more people to gain the health benefits of riding a bike. We look forward to delivering the aspiration of former Scottish First Minister, Nicola Sturgeon, to introduce a new generation of young riders to the benefits of cycling in the coming year through the Access to Bikes for Young People fund.

Russia's invasion of Ukraine in Feb 2022 caused a prolonged rise in oil prices that initiated a year of high inflation and a national 'cost of living crisis'. During this period of constrained household budgets, an increasingly significant form of social impact by Charity Retailers is the financial savings made buying more affordable used goods instead of buying new goods, often with expensive debt finance that can put individuals and relationships under considerable stress. With sales of second-hand goods of over £120,000, CGX helped Ayrshire householders save somewhere between £120,000 to £240,000 during this Financial Year, bringing a conservative estimate of our total savings benefit to our local community since our first sale in March 2018 to £500,000.

Environmental Impact

The following table presents some of the environmental impact achieved together with our donors and customers of reuse goods during the year:

| Category | # Units | Total Weight Reused (Kg) | Total diverted from Landfill (Kg) (30%) | CO2 saved from the Atmosphere (Kg) |
|-------------------------------|---------|--------------------------|---|------------------------------------|
| Household Furniture | 390 | 12,500 | 3,750 | 12,500 |
| Upholstered Sofas & Armchairs | 90 | 4,850 | 1,450 | 4,850 |
| Beds & Mattresses | 85 | 5,540 | 1,650 | 5,540 |
| Large Household Appliances | 160 | 4,600 | 1,380 | 4,600 |
| ICT | 55 | 4,610 | 1,385 | 4,610 |
| Small Household Appliances | 400 | 2,400 | 720 | 2,400 |

| | | | | |
|---------------------------|-------|---------|--------|---------|
| Whole Bikes & Wheelchairs | 110 | 1,620 | 485 | 1,620 |
| FY22-23 Total | 1,290 | 36,120 | 10,820 | 36,120 |
| CGX Total since Mar2018 | 5,090 | 130,600 | 39,200 | 130,600 |

When including all other household items in the count, a total of 6825 items were sold for reuse in FY22-23, making an overall CGX total in the 5.5 years since trading began of 26,500 items.

Additionally we ensured that some 100 poor condition bikes, weighing approximately 1000 kg were stripped for reusable parts, the metal and rubber separated and responsibly recycled by local firm Lowmac Alloys. Although we seek to reuse most of the items donated, some of the furniture proves beyond use and we presented approximately 1000 kg of flattened wooden furniture for recycling. Likewise, we also renewed our registration with the Scottish Environmental Protection Agency (SEPA) as a Professional Carrier of Waste, transporting an estimated 10 large appliances and 100 small appliances (circa 1000 kg) for proper recycling as Waste Electrical and Electronic Equipment (WEEE).

The 100 additional bikes in public use may further contribute to a decrease in CO2 emissions should they be used for active travel instead of car journeys. Additionally, such use would contribute to a small reduction in road congestion and exhaust particle emissions.

Financial Review

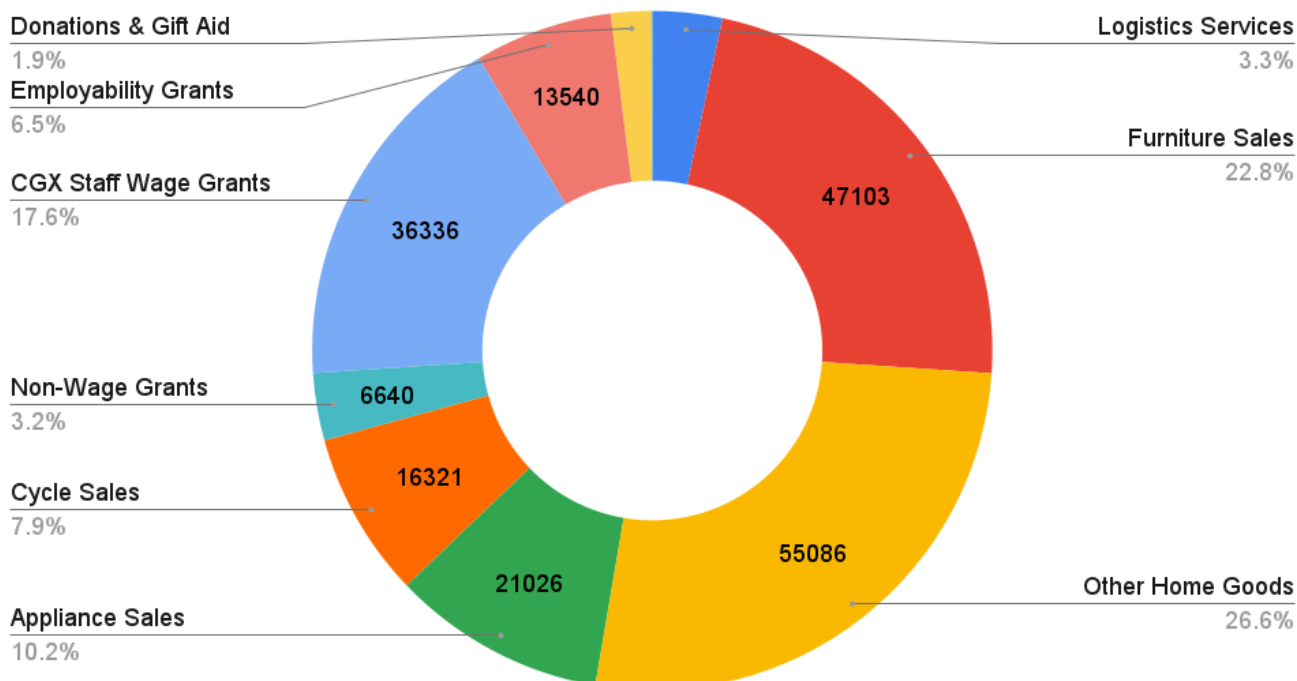
Principal funding sources - Income

As a Social Enterprise, CGX seeks to generate a significant proportion of our core funding (70.8% in FY22-23 cf. 38.5% in FY21-22) through the sale of donated goods through our two physical charity shops, our online shop (ebay), and social media sites (Facebook and GumTree). Achieving our employability, inclusion and environmental charitable purposes through engaging participants in work and employability skills, each of our Works contributes to the movement and preparation of donated goods for resale converting them into cash donations for the charity, this year totalling over £146,387. Employing a former volunteer as a part-time Administration Assistant, we increased the proportion and processing of goods donated and sold from Gift Aid registered donors, claiming a total of £3923, or 2.68% of our sales income.

Grants were our second significant source of funds, applied for to support our charitable activity and generate our social impact. Scottish Government Employability Scheme grants were used to

Income FY22-23

Total Cash Income (accruals basis less notional donated rent and assets) £206966



augment the staff team within CGX whilst providing invaluable paid Work Experience to Trainees: the Local Authority Evolve Scheme provided the funding to employ two young adults in the roles of retail and administrative assistants (£13,540 or 6.5% of total income in FY22-23, down from 41% of Income in FY 21-22).

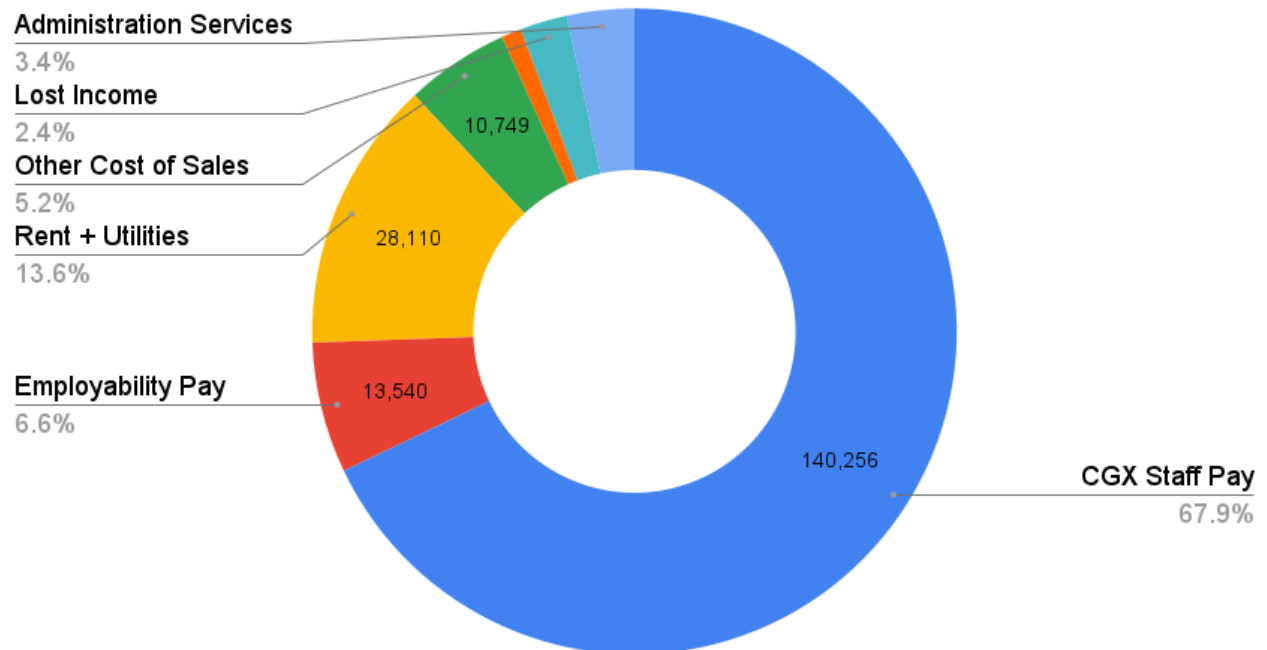
Project grants - totalling £43,000 (21% of total income in FY22-23 cf. 19% in FY 21-22) - were also sought from independent funding organisations to enable and develop specific projects, typically funding the wages of paid staff Supervisors to facilitate safe skills training and work experience within their particular Works. A grant from the Agnes Hunter Trust enabled us to employ one of our Appliance Works volunteers with long term health conditions as our Appliance Works Supervisor. A Community Mental Health grant funded our Restoration Works Supervisor to run the Ayr Community Workshop. The Baird Watson Trust generously donated a third year of funding to support our Cycle Works Supervisor, and the Volunteer Support Fund continued to fund our pan-CGX Volunteer Coordinator.

The Electrical Safety Fund provided a grant to run an information, PAT testing and faulty item replacement scheme during the Winter months, funding new replacement goods, Appliance and Administration Works staff participation, and the legacy asset of a second PAT test machine.

A number of these restricted grants have been received in full and, in accordance with the Charities SORP, where not yet drawn down and an agreed performance criteria has yet to met, the remaining funds are accounted for as contingent liabilities on the Balance Sheet. These will be recognised as Grant Income as the performance criteria are met during FY23-24.

Expenditure FY 22-23

Total Cash Expenditure (accruals basis omitting notional rent): £206595



Expenditures

The expenditure chart shows how the largest proportion of our funds (67% of total expenditure in FY22-23 cf. 73% in FY21-22) were spent on the payroll wages, tax and pensions of our 4 full time and 6 part time employees (cf. 9 full time and 4 part time staff at 38% of expenditure). A further 6.6% paid the grant reimbursed wages of the Evolve six month paid employability scheme trainees. Actual paid rent and utilities - water charges and electricity charges - are the next highest expenditure at 13.6% (10.4% FY21-22) and this cost will increase in subsequent years with the gradual relocation into longer-term paid-for premises.

Cost of sales includes providing replacement low-cost tools, new parts and cleaning products used during cycle refurbishment and furniture restoration workshop projects remained the same proportion of overall expenses as last year (at 5%). Other administrative expenses amounted to 3.4% of total expenditure (cf. 'everything else' at 10.6% in FY21-22). This includes the amount spent on volunteer meals, work clothing and personal protective equipment, and travel, as well as administrative overheads. In what was a continuation of the same

episode of embezzlement of cash funds that commenced the previous year, the estimated amount of funds lost in FY22-23 was £4921, equivalent to 2.4% of total costs.

Donated Facilities and Services

Throughout FY22-23, CGX continued to pay rent for use of our Reusables charity retail shop, part of the Kyle Centre. However, with an ongoing note of thanks to the owner, we also continued to benefit from rent and service charge-free use of former retail units inside the Centre as warehousing and workshops. This arrangement is subject to commencement of Centre redevelopment plans and hence it was necessary to relocate the cycle and furniture retail into 88A High Street back in 2021.

In addition to active participants in our operational activity, CGX also benefited from the pro bono services of our solicitor, independent examiner, website developer, ICT supplier, and instrument specialists; a group of local volunteers willing to exchange their skills and knowledge for the benefit of other members of their wider community in Ayr. We are also thankful to the owner and staff member of Fly High Early Learning for their Interim Management support during this period, and to their accountant's review work during our internal investigation.

Policy on Reserves

The Trustee Directors have set the policy to create a reserve fund equivalent to three months running costs.

Financial Year 21-22 ended with Reserves sufficient to cover the five core Supervisory staff required to sustain each of our 'Works' and operating costs for one month only. FY 22-23 ended with no cash reserves and a small negative overall balance (£211). However, drawing on the exemption for charities from the need to value stock when the cost and complexity outweighs the benefit of doing so, this balance does not include the value of the stock in the shops ready for sale. Estimating this to be approximately three months of sales turnover values the stock at £20,000 - sufficient funds to pay off any residual liabilities in the event of a wind down of the enterprise.

The current focus of funders on project delivery focussed grants are not contributing towards reserves, and not always to overhead costs. Hence, the CGX strategy to grow our reserves is through increasing our surplus generated by sales of donated goods, through our two High Street charity shops - 'Reusables' and 'Cycle Works and Refurnish by CGX' - and, if accessible, through obtaining Scottish Government 'No-One Left Behind' funding for providing formal supported employability services.

Delays in repayments through the Local Authority for the wages we pay to trainees on the Evolve employment scheme required us to start drawing on our British Business Bank 'Bounce Back Loan', arranged as a Reserve fund in FY20-21 for just such a contingency. Hence we continue to make repayments on this loan at a rate projected to pay it off over a further five year period.

Investment Policy and Objectives

CGX does not yet have sufficient Reserves for long term investments. When it does, CGX will seek investments that further its ethical and sustainable values and purposes.

Once we have reaccumulated our Reserve, our operational financial objective is to prove to investors and banks that we are ready for a social investment business loan that will enable us to purchase our own long-term workshop/warehouse. Our ongoing operations are compiling evidence of our ongoing generation of sales and grant income and on our reliability paying loan repayments, rent for premises, and the bills of our suppliers.

Continually watching for suitable premises for sale on the local commercial property market, affordable investment in a long-term facility would enable us to optimise it for delivering social impact. An owned building will also make us eligible for currently inaccessible grant opportunities for developing its environmental and economic sustainability, e.g. installing additional roof insulation to achieve higher levels of Energy Performance Rating, and solar panels on its roof generating renewable energy and reducing running costs.

Financial Risk Management

Retrospectively, the CGX MD, Treasurer and Board have learned the need for more robust control measures to prevent the risk of embezzlement of cash, particularly following an increase in the

number of staff handling Petty Cash for minor daily expenses, and the processing of Daily Cash Sales Income. Although standardised processes had been defined using check boxes on standardised forms, a lack of senior management spot-checks of adherence to the continual tracking of cash-box balances and the payment of sales income into the bank enabled the probable embezzlement of cash, that started the previous year and continued into this one, eventually being identified during the preparation of last year's accounts.

Incident Management Summary.

Once identified by the MD in July 23, the Board Treasurer carried out an initial internal investigation. On confirming multiple occurrences of missing cash, OSCR was informed of the need for an internal audit to determine the full extent of sums involved, thereby delaying the preparation of the FY21-22 and FY22-23 Annual Accounts. Evidence of deliberate falsification of accounts relating to cash sales by a former employee was submitted to Police Scotland for investigation. The case was referred to the Office of the Procurator Fiscal but subsequently not taken further due to the relatively immaterial amount identified and the cost and technical issues involved. The Board has been regularly reviewing the improved cash handling control measures immediately implemented by the MD and the new team of staff with cash handling responsibilities.

Key management personnel remuneration and Related Parties

All Trustee Directors give of their time freely and no Trustee remuneration was paid for their role as Members of the Board. Details of trustee expenses and related party transactions are disclosed in Note 2 to the Accounts.

Trustees are required to disclose all relevant interests as they arise and, in accordance with the SCIO Constitution, withdraw from decisions where there is a conflict of interest. This was applied to the decision at a Board Meeting in June 2022 in which it was agreed that the MD could formally take on the specific operational paid Volunteer Coordinator role that he was covering since the moving on of its first holder. Following legal advice, it was agreed that it was necessary and in keeping with Section 67 the Charities and Trustee Investment

(Scotland) Act 2005, to amend the CGX Constitution to include the following at Paragraph 39.:

“...a charity trustee may serve as an employee (full time or part time) of the organisation; however, no charity trustee may be given any remuneration by the organisation for carrying out his/her duties as a charity trustee.”

The process of amending the Constitution was agreed by all Members and a notice of a Resolution to Amend the Constitution to OSCR was sent to OSCR on 16 Feb 2023. For the duration of the Volunteer Support Fund, the Managing Director has subsequently worked part-time as a paid member of staff in the role of Volunteer Coordinator and continued to serve as voluntary unpaid MD of the Charity and Secretary of the Board of Trustees.

Future plans

The financial strategy for the next year remains the same as last year - to prove a sufficiently high level of income generation to secure the social investment required to purchase a long-term, well equipped, Re-use Hub that provides excellent workshop skills training and experience for a diverse range of participants.

Ongoing unemployment, particularly amongst younger people - especially those with barriers to employment - continues the need for our employability support, skills training, and work experience opportunities. Our reuse activity will continue to contribute to the nation-wide intent to develop a more environmentally and economically sustainable circular economy. Our seeking to include people with diverse capabilities among our paid staff, volunteers and trainees is an inherent part of the Scottish Government strategy of ‘No-one Left Behind’ and our CGX vision to contribute to “flourishing community in the heart of Ayrshire.”

Reference and Administrative Information

Charity Trustees (at Mar 2025)

1. Alison Smith, Chair of Trustees (NHS Standards executive).
2. Ian Rankin, Treasurer (architect and property manager).
3. Alan Priestnall, Managing Director and Secretary (former pilot, leadership trainer and lean consultant).
4. Matthew Pound (teacher and former CGX Cycle Works Supervisor), appointed 10 Mar 2023.
5. Robert Baxter (church minister and former business executive), appointed 31 Jan 2025.

Retired Charity Trustee (during FY 22-23)

1. Linda Stefani, former Chair of Trustees, (founder exec of skills training company), retired 5 Jul 23.

Principal Office (see Page 2 for mailing address)

88A High Street, Ayr, KA7 1PQ

Charity Number: SC047814

Solicitors and Registered Address

Kilpatrick and Walker, 4 Wellington Square, Ayr, KA7 1EN

Chartered Accountants

AMMU, 8 Miller Road, Ayr, KA7 2AY

Independent Examiner

AMAS Murrison Limited, 10 Newton Terrace, Charing Cross, Glasgow, G3 7PJ

Bankers

The Co-operative Bank p.l.c., 1 Balloon Street, Manchester, M4 4BE

Trustees' responsibilities in relation to the financial statements

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to: select suitable accounting policies and then apply them consistently; observe the methods and principles in the applicable Charities SORP; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and 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.

Declaration

Signed on behalf of the charity trustees:

Al Priestnall

Print name

Alan Priestnall

Designation

Trustee and Director

Date

10 Mar 2025



Celebrating our longest serving volunteer Alison's 80th Birthday!