## FD report

The current end of year accounts are with our accountant, Blackwell Bate, in order to finalise them. When they have been approved by the board they will be submitted to Companies House. It is important to note that the latest accounts available are for the financial year 22/23.

As Chair has indicated this year has been difficult. Before Christmas we were aware of the challenges the company faced in the coming 12 months and started looking at the options for increasing revenue and reducing cost. The transport enterprise was under pressure both from rising costs of vehicle maintenance and insurance with reduced demand, in 23/24 the enterprise was losing money, the sale of the bus meant that we gained £5k. The success of Red Bus was welcome for Saltash, but meant we could no longer sustain our Transport enterprise, with it becoming a drain on the whole organisation. The transport enterprise was thus discontinued, and a replacement was considered.

As a company our enterprises all fit with the same basic principle which is to give as much free to the community to the benefit of Saltash while trading with or accepting donations from those that can afford it. So, our property in Belle Vue, we successfully negotiated a 30 year lease with Cornwall Council enabling us to give security to our tenants. This is one possible model for expansion to improve out income stream.

Overall, the last financial year was challenging. We ended the year showing a small surplus, this isn’t a true picture as a grant arrived for the purchase of the cabins now sitting behind No.4, which was ring fenced money to be spent in the current financial year. In addition, the sale of the minibus shows as a £5k improvement in our position. Between them this has effectively uplifted our annual income over expenses position by £20k, so giving a false impression.

This brings me to explain some of the points that will show on our accounts. In 22/23 we had assets of £49039, down from £53740 in the previous year (it is important to recognise that assets are not money in the bank but rather everything we own, e.g.: cookers, laptops, tables and chairs etc.) We can only realise these assets and spend the money from them once we no longer need them.

It is further complicated in that the £15k received from National Lottery for the cabins will show as income in FY23/24 as we received the money in that financial year. In FY24/25, it will show as being converted to an asset as it is now spent. It is however restricted, in that if we were to sell the cabins, we would need to return the money to the National Lottery.

The same was true in the previous year’s accounts where grants were received for spending in FY23/24, and thus show as retained income and assets, but which we then have to spend on specific things or return them.

The forecast for the current year is based on the year just closed (June 23 to May 24), but with added pressure from the end of the grant to cover part of the Kitchen manager’s salary. We started the year looking at a near £40k shortfall on the year before accounting for increased costs. In the SOS campaign in No.8, we quote our current operating shortfall as £2k pcm. To be clear, this is the figure after making changes to reduce cost and to improve revenue., without making these changes we were projecting a monthly loss of £4,200.

As a part of understanding our future and making the company sustainable, it was necessary to look both at what we could do to improve out income and what we could do to reduce costs. In doing this we had to understand how long it would take for the different changes to kick in and affect the overall viability of the company. The ‘do nothing’ option gave us a time horizon for the survival of the company and voluntary liquidation showed us the costs involved, such as escaping from leases and energy contracts, and thus gave us the latest date for the various options.

Given these options included redundancy for one or more members of staff, it is not something that could be discussed in public, even if we had wished. The diverse nature of the operation and the regulatory requirements overall make it unviable to run the company in its current form without some dedicated staff time. The decisions that have now been announced were made against this background. This raised the time to exhaust the cash reserves of the company from 5-6 months to at least 12. None of the board made these decisions lightly and as much as we disliked coming to these decisions, but they are preferable to the alternatives. As the chair has already explained our reports to the Town council since at least the start of 2024 have highlighted the difficult financial environment, both that of the community and the company.

This AGM is an opportunity for members to ask questions by posting them 14 days before the meeting. A number of such questions have been asked, but since the questions overlap, rather than repeat the questions, the following addresses the points raised regarding our finances.

As I explained the assets include everything we own, including the cash at the bank. We can only use the entire asset figure in the process of liquidating the company. The relevant figure for survival is a somewhat smaller cash figure. As explained at the last AGM, we aim to hold sufficient cash reserves to run for 6 months. The same economic environment that has placed strains on households in the community has also affected the company, with bills rising, and the increases in minimum wage. By doing nothing we would exhaust these reserves within 6 months.

In the last couple of years grants have formed a significant part of the company’s income, primarily in setting up the kitchen and paying in part for the kitchen manager’s role. It was always clear that these were time limited and that we needed to attain a level of financial independence. The properties in Belle Vue are a part of this, as is the trading model of the shop at No.4, and formerly, the transport enterprise.

The property enterprise (which generated £29748 in 22/23) is charged not only with running 18 Belle Vue and the ex-toilet block in the Belle Vue West car park, but also No.4 and No.8. The expenses to the property enterprise include all the costs of running these building, including rent, rates, energy and water, as well as maintenance. Thus, while running the two buildings in Belle Vue makes a surplus, property management overall is a cost. The rents received from offices spaces mean that Saltash has retained the foodbank and that Citizen’s Advice are able to use the building at no cost.

Running the Transport enterprise was profitable but diminishing, with predicted revenue falling below costs as the year went on. In 22/23 the cost of running the buses was £10748, to offset that we had £14,378 in income for the whole enterprise. However, in 23/24 the enterprise overall was making a loss. The unfortunate illness of the transport director complicated our decision making, but it was clear that other than aggressive marketing to compete against Red Bus, which is contrary to our ethos, we would continue to lose money on it. Thus, it was closed down and so we liquified the asset.

The kitchen serves 500 people a month, 300 meals, the approximate split for donations has been 3:1 in favour of the kitchen. The food is provided for free, and part of the conditions attached are that we cannot sell it. The same is true of the coffee that is generously provided to us. This prevents us from selling meals or changing for drinks, even to the extent that suggested donations would appear to run afoul of this looking at HMRC guidelines.

The kitchen manager’s role was always intended to be a management role having oversight with the majority of the work being conducted by volunteers. All of the staff working in the Kitchen hold food hygiene certificates and the regulatory requirements are maintained by clear working processes and checklists that have to be completed. This is part of the health and safety environment, but of course this extends to the whole estate, including electrical safety, fire safety and other regulatory aspects. Much of this has always been covered by the ops manager rather than the kitchen manager and will continue to do so. In the future.

So, in summary, it has been a difficult and challenging year, and we have had to decide between a number of undesirable choices. This has not been done lightly, but with as much sensitivity to the people affected directly by this as was possible. It may seem like the launch of the SOS campaign and the redundancy of our Kitchen Manager, Chris, came suddenly, but the SOS campaign could not be launched until we had carried out the proper formalities.

Like many things in life, it may appear sudden, but knowledge itself is like that, before you knew you didn’t, then suddenly you did.