

Hot Chocolate Trust

Scottish Charity Number SC035714

Company Limited by Guarantee Number SC 384635

Financial Accounts for the year ended 31 December 2015

Hot Chocolate Trust
Scottish Charity Number SC 035714
Company Limited by Guarantee Number SC 384635
Trustees' Annual Report for the year ended 31 December 2015

The trustees are pleased to present their annual report and financial statements for the year ended 31st December 2015. These are also prepared to fulfil the requirements of a directors' report and accounts for Companies Act purposes.

Objectives and activities

Hot Chocolate Trust's charitable objects are:

- (a) the advancement and promotion of the education, welfare and holistic development of young people, including the provision of recreational facilities and the provision of locations which are open, responsive and safe to facilitate young people growing to full maturity as individuals, positive change makers, community builders and mature citizens, such advancement and promotion being from a Christian perspective;
- and
- (b) the advancement of education primarily but not exclusively in the City of Dundee through relationships built on trust and respect, which are organic and reciprocal, promoting the emotional, mental, spiritual and physical well-being of those suffering from the consequences of deprivation, poverty, social exclusion, poor health, abuse or unemployment in order to advance the development of community,

Hot Chocolate Trust is a creative and innovative youth work organisation based in the Steeple Church, Dundee. Since 2001, Hot Chocolate has worked with thousands of young people aged 12-21 who hang out in the city centre, building relationships and supporting them towards adulthood and positive futures.

How we work is simple. There are a few key things we think are really important, and so we always try to do youth work in a way that reflects them:

- 1) Viewing young people as whole people: supporting their holistic development which realises physical, mental, emotional, social and spiritual potential.
- 2) Growing a community with young people which is open, accepting and safe.
- 3) Building relationships based on respect and trust, relationships which are voluntary and two-way.
- 4) Ensuring that plans and activities are owned by young people, adapt with the culture, and bring positive change for all involved.
- 5) Embracing a culture of reflective learning where we learn from our own experiences (even our mistakes).
- 6) Knowing what we're good at - and not so good at: working with other people and organisations who can provide specialist opportunities for young people that we couldn't make happen on our own.

Hot Chocolate is open to all young people without prejudice or distinction of religion, race, culture, disability, gender, sexuality or politics. The only restrictions are of age – from secondary school up to 21 years of age (although we do sometimes continue to work with older young people on an individual basis according to need).

Hot Chocolate Trust has two aspects to its work, youth work with young people and wider impact work. Youth work includes 3 open sessions per week attended by approximately 150 young people each fortnight, small group work, individual support, holiday programmes and residentials. Wider impact work seeks to improve young people's experiences beyond Dundee through sharing the youth work practices, resources and tools which have been developed within Hot Chocolate. This is achieved through training, coaching, development processes and tools, as well as informally through wider relationships with practitioners, decision-makers and policy makers.

In addition to paid staff, Hot Chocolate is grateful to the large number of volunteers who participate in lots of different aspects of the project: all types of youth work; team development; team leading; representing Hot Chocolate in a variety of settings and sharing its work and learning; cooking; minibus driving and DIY.

Achievements and Performance

Since 2001 Hot Chocolate has been supporting isolated, wary young people to take up and sustain opportunities that become transformative, building the vision and resources to live fuller, healthier lives. The young people (around 300 each year) come from all across Dundee: marginalized in their own neighbourhoods the city centre is their place.

We build community with young people, rather than provide services for them, giving them the trust, responsibility, and support to decide, plan and implement activities day by day with team and shape longer-term plans.

**“It’s
organised,
but it’s messy.
It feels alive
with people,
with
connections,
with choices.”
Jack M, 16**

**“Hot Chocolate is the most committed and empathetic project I have had the pleasure to get to know. The staff are committed on a personal and professional level to improving lives and the atmosphere of tolerance and respect they create for the young people is quite inspiring. The myriad of difficult emotional challenges that are experienced by the young people at Hot Chocolate is vast but in its complexity and messiness, you can see hope and optimism shining through. I am very grateful that Hot Chocolate does the work it does for young people in Dundee.”
Jenny Marra, MSP**

In 2015 Hot Chocolate worked with over 300 young people.

There have been:

- 168 open sessions
- 12 detached sessions (meeting 60 young people)
- 321 1-1s (with 63 different young people)
- 51 groups (with 60 different young people)
- 2 weekends away (with 25 different young people)
- 17 young people have been on Youth Team

Throughout our various activities, we ask young people to reflect on their lives, journeys, experiences, learning - and how they're changing. These reflections, along with the team's observations, are recorded, letting us understand in more detail about the difference we make.

“The main learning from Hot Chocolate is to put young people first and allow them to lead. The co-production ethos is key to the success of the project... young people get the most out of it by making the decisions themselves.”

From an independent evaluation for Youth Music Initiative (Creative Scotland)

“This place means everything to me. It's changed my life for the good. If it wasn't for here, I wouldn't be in college. It gave me motivation. It gave me hope for the future.” Jenna, 16

So, in the past year, we have supported young people to develop in the following ways:

- 148 have grown in self-knowledge
- 164 have grown in self-worth
- 166 have improved their social skills
- 143 have increased in understanding that they can positively impact their lives and communities
- 120 have acted to positively impact their lives and communities
- 120 have improved their ability to plan ahead and stick to goals
- 14 have increased in their awareness and understanding of their spirituality

Hot Chocolate has also supported many young people to move on to 'positive destinations'... 27 started education, 29 started employment, 9 started training. 43 started volunteering (12 gained accreditation), 55 were supported to remain in their 'positive destination' despite significant barriers (eg financial, housing, family), 8 have gained work experience, and 72 were supported towards employment, education or training (eg writing CVs, interview prep, references).

“I like the vibe because it's informal. It's free. It's flexible. I never feel forced to open up. And that makes me want to open up. It really helps that I can talk about my problems.” Sean, 16

“Hot Chocolate supports open, inquisitive and appreciative conversations - and they have the energy, experience and knowledge to make things happen, but never without action being led by the young people they work with. A very inspiring organisation.” Gayle Rice, IRISS

2015 saw a “generational shift” in the young people engaging with Hot Chocolate as many older young people moved on and large numbers of younger teenagers began to get involved. Having spent much of the year building relationships and trust with these new young people we conducted an anonymised, in-depth research project in November exploring the young people's experiences, struggles and ambitions. This is particularly valuable because there is no other research which

describes the sub-culture of young people, gathered in the city centre from across Dundee and Tayside, with whom Hot Chocolate works. Among other findings the research showed:

- 69% of all young people at HC started coming in the past year
- 62% were aged 12-16
- 49% are gay/lesbian/bisexual/other/unsure
- 18% are transgender/gender neutral/non-binary

“Hot Chocolate is one of the very few safe spaces for LGBT young people in the city. It plays a vital role for many young people who are marginalised in their communities.” Barry Jordan, Youth & Community Development Worker, LGBT Youth Scotland

- 47% worry about money a lot/always
- 22% of their families have had their benefits sanctioned
- 70% have been bullied at school
- 32% have/have had carer responsibilities
- 62% have lost someone who’s close to them
- 66% have experienced some form of mental health difficulty

“Young people can find it hard to engage with formal services, and we know that there’s lots of young people at HC that simply don’t go anywhere else. HC is a very important thing for Dundee. It feels so different - the young people feel like they really belong here. I love it. It feels like life.”

Jackie Fitzpatrick, Senior Sexual Health Nurse, The Corner

- 82% think about faith and belief sometimes or a lot
- 40% identify with a named religion or spiritual practice

“I’m not very sure what I believe, but I like reading and researching a lot of stuff about this. I think it’s really important to have a space like here to explore my spirituality. It’s important to me.”

Chantelle, 17.

“Hot Chocolate provides a safe place for young people to just be themselves. There's no judgement here. It's been part of my life for almost 13 years now and no matter where I am in life, all roads lead back to Hot Chocolate.”
Linsey, Volunteer & former young person

“It’s a beautiful place. There’s loads you can do. You can express your inner creativity, or start a new project. You can’t really do that elsewhere. It’s your choice here - you get a lot of freedom”
Kai, 16

Wider impact work took several forms in 2015:

“Amplify” is a creative action research project, working with older young people to explore their experience and transitions to adulthood. Former young people from Hot Chocolate Trust shared their real life experiences of adolescence in conversation and these stories were made into short films by local artists. The films have been

- used with young people to help them understand their own experiences and act on these new insights;
- used as training and reflection tools for practitioners to improve their understanding and practice;
- showcased to key managers, policy makers, and politicians across Scotland to help influence and improve the support for young people nationally.

Hot Chocolate worked with the Institute of Research and Innovation in Social Services (IRISS) on a project called ‘Relationships Matter’ to explore barriers for young people in or leaving the care system. We led exploration of the idea of love in communities and projects: what it means to

young people and what it means for professionals. This generated significant insights drawing from young people's own accounts of what had made the biggest differences in their transitions and forcing professionals to think creatively to operate effectively beyond our comfort zones.

"It was at my lowest point of my life when I openly said 'I love you' to my new son. Something changed in me that day. People rarely understand the power of words - both in terms of speaking them out and hearing them. It was freeing to say it. In a world full of hate, people don't feel that they are loved enough. So why don't we tell people that we love, that we love them?" Former young person

"HC tamed me and taught me how to love again and to be loved! HC was my sanctuary, the only stability I had in my life. HC was there in my destitution and brokenness, with forgiveness and love!!! HC gave me HOPE for my future." Former young person.

"Working with HC on the Relationships Matter project has been heart-warming, fun and thought-provoking. It's added very authentic young persons' voices to our work, and reminded us of everyday experiences, not just experiences that are seen through the lens of service provision."

Gayle Rice, Project Manager (Innovation & Improvement), IRISS

<http://blogs.iriss.otg.uk/relationships-matter/the-story/>

Other wider impact work included organizational and practice development with youth and community projects in Paisley, Lanarkshire, and the Borders; youth work practice coaching with YMCA college students; training in youth culture for Fife Street Pastors groups; and a case study presentation on "prevention" for Dundee Alcohol & Drugs Partnership.

Financial Review

Hot Chocolate Trust changed its financial year end in 2014 to 31 December in order to follow the flow of youth work better. So this year the figures represent a 12 month period of activity, with the prior period comparison figures representing 15 months of activity.

Hot Chocolate Trust is grateful to both existing and new funders for their generous grants, and to our individual donors, who have enabled our work to continue and expand during the period. Hot Chocolate aims to keep a level of reserves sufficient to fund the planned activities.

As Hot Chocolate's work has grown, further staff members have been employed, and funding has been sought associated with each new post. Our greatest area of expenditure is salaries, as so much of our youth work depends on spending time with young people and building relationships with them.

Individual grants have been received for general youth work and specific activities enabling Hot Chocolate to run wider impact, art and music projects as well as engaging young people in outdoor activities and weekends away.

A major risk for Hot Chocolate is the possibility of failing to secure sufficient grant funding to continue its activities. In response to this risk, Hot Chocolate is starting to engage in more paid Wider Impact work, for example training and coaching, as a means of both achieving our charitable objects and earning income at the same time. This area will be further developed in future years.

Hot Chocolate is grateful to The Steeple Church for its continued support through use of the church building for youth work spaces and offices.

Reserves policy

At the year end, Hot Chocolate holds £129,549 in reserves, of which £51,289 is unrestricted. No material amounts have been designated.

The funds at the year end place Hot Chocolate in a strong position as we commence 2016. As with most charities, Hot Chocolate Trust constantly needs to seek new sources of funding in order for the work to continue. Successful fundraising has led to an increase in Hot Chocolate's reserves in 2015, and further fundraising will be required in the forthcoming months.

The directors regularly monitor the level of unrestricted reserves, as these are vital in allowing Hot Chocolate flexibility in its work. The directors are working towards building unrestricted reserves to a level of 3 months' budgeted spending, which is challenging in the current economic climate.

Going concern

The directors are not aware of any circumstances which would lead to the winding up of Hot Chocolate Trust, and thus are confident in its status as a going concern.

Structure, Governance and Management

Hot Chocolate Trust was originally constituted as a trust, its trust deed dated 15th June, 2004. On 30th September, 2010, the trust transferred all assets and liabilities to a company limited by guarantee, also called Hot Chocolate Trust. Hot Chocolate Trust is governed by its Memorandum and Articles of Association dated 31st August, 2010.

New directors of the Board (trustees) are appointed if they receive 75% of directors' votes at a quorate board meeting. A normal term of office for a director is 3 years, at the end of which the director can either stand down or continue. The organisation will offer each director an informal meeting at 3 year intervals where an opportunity will be offered to exchange views on how best the director can contribute to the future priorities and work of the board. A director can resign before their term of office has been completed.

The directors meet quarterly. In addition to these meetings, sub-groups have been set up to oversee various aspects of the project: People and Development; and Finance, Risk and Physical Resources. These sub-groups meet between the quarterly Board meetings, and report back to the Board.

The directors come from a wide range of professions and churches bringing varied professional, youth work, voluntary sector, finance and human resources experience. The directors do not receive remuneration for their role.

Induction and training for directors is overseen by the chairperson according to the Directors Handbook which sets out the role and responsibilities of directors. In addition to the quarterly board and sub-group meetings, the board holds an annual Development Day which includes addressing directors' training needs as individuals and as a group.

Staff are paid within a pay scale set by the directors which was based historically on the Scottish Joint Council pay scale. Management staff are paid within their band on this pay scale. Any movement within the pay scale is subject to the decision of the board following the annual appraisal process. The remuneration of the highest paid staff member is detailed in note 14 to the accounts.

The role of the directors is a strategic one, with day-to-day operational decisions delegated to staff. Consultation is vital to all that is done at Hot Chocolate. Day to day youth work, residentials and extended projects are undertaken with young people involved at every level of planning and delivery.

The youth work of Hot Chocolate was initiated by The Steeple Church in 2001, and the organisation is immensely grateful for the ongoing support of The Steeple by means of 2 nominated directors, use of the building and provision of some of our volunteers.

Reference and administrative details

Charity Name	Hot Chocolate Trust
Charity registration number	SC 035714
Company number	SC 384635
Principal address	The Steeple, Nethergate, Dundee DD1 4DG.
Registered office	The Steeple, Nethergate, Dundee DD1 4DG.

Charity Trustees / Directors of the Board

Mr Tony Boffey	Chairperson
Mr Richard McCallum	Treasurer and Vice-Chairperson
Mrs Amy McDonald	Vice -Chairperson
Mrs Rebecca Brawley	
Mrs Julia Brown	from March 2016
Mr Stephen Elwell-Sutton	
Mrs Deborah Farley	
Ms Lynda Forte	resigned December 2015
Mr David Johnstone	from March 2016
Mrs Deborah Johnstone	from June 2016
Mr Joe Lafferty	

Independent Examiner Mr Richard Young CA

Advisors to the Board
(salaried posts) Mr David Close
Ms Charis Robertson
Ms Claudia Richardson

For the period ending 31/12/2015, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and the directors have taken advantage of this exemption. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

In preparing this report, the directors have taken advantage of the small companies' exemption in the Companies Act 2006.

Declaration

The directors / trustees declare that they have approved the trustees' report above.

Signed on behalf of the charity's trustees on 9th June, 2016

Tony Boffey
Chairperson

Hot Chocolate Trust
Scottish Charity Number SC035714
Independent Examiner's Report for the year ended 31 December 2015

Respective responsibilities of the trustees and examiner

I report on the accounts of the charity for the year ended 31 December 2015, which are set out on pages 10 to 22. The charity's trustees are responsible for the preparation of accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity trustees consider that the audit requirement of Regulation 10(1) (a-c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under Section 44(1c) 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 Charities Accounts (Scotland) Regulations 2006 (as amended). 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

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 8 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.

Mr Richard Young CA
9th June, 2016

Hot Chocolate Trust
 Scottish Charity SC035714, Company Limited by Guarantee SC 384635
 Statement of Financial Activities (including income and expenditure account)
 for the year ended 31 December 2015

	Note	Unrestricted Funds	Restricted Funds	2015 (12 months)	2014 (15 months) (restated)
		£	£	£	£
Income from					
Donations and legacies	3	82,212	229,348	311,560	402,174
Charitable activities	4	8,090	-	8,090	3,061
Other trading activities	5	2,334	-	2,334	1,312
Investments	6	226	-	226	202
Other	7	2,000	-	2,000	2,000
Total		94,862	229,348	324,210	408,749
Expenditure on					
Raising funds	8	6,979	13,096	20,075	18,985
Charitable activities	9	96,829	192,590	289,419	330,704
Total		103,808	205,686	309,494	349,689
Net income / (expenditure)	11	(8,946)	23,662	14,716	59,060
Transfers between funds	19	1,801	(1,801)	-	-
Net movement in funds		(7,145)	21,861	14,716	59,060
Reconciliation of funds					
Total Funds Brought Forward		58,434	56,399	114,833	55,773
Total Funds Carried Forward		51,289	78,260	129,549	114,833

Hot Chocolate Trust
Scottish Charity SC035714, Company Limited by Guarantee SC 384635
Balance Sheet at 31 December 2015

	Note	Unrestricted Funds £	Restricted Funds £	2015 £	2014 (restated) £
Fixed Assets					
Tangible Assets	15	4,105	410	4,515	4,091
Total Fixed Assets		4,105	410	4,515	4,091
Current Assets					
Stocks	16	145	-	145	-
Debtors	17	3,407	31,738	35,145	4,091
Cash at Bank and in Hand		47,405	46,356	93,761	113,427
Total Current Assets		50,957	78,094	129,051	117,518
Creditors Falling Due Within One Year	18	3,773	244	4,017	6,776
Net Current Assets		47,184	77,850	125,034	110,742
Total Net Assets		51,289	78,260	129,549	114,833
Funds of the Charity					
Restricted Funds	19	-	78,260	78,260	56,399
Unrestricted Funds		51,289	-	51,289	58,434
Total Charity Funds		51,289	78,260	129,549	114,833

For the period ending 31/12/2015, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The accounts were approved by the Trustees / Directors on 9th June, 2016

Signed by two trustees on behalf of all the trustees

.....
 Tony Boffey
 Chairperson

.....
 Richard McCallum
 Treasurer

Hot Chocolate Trust
Scottish Charity SC035714, Company Limited by Guarantee SC 384635
Statement of Cash Flows for the year ended 31 December 2015

	Note	2015 (12 months) £	2014 (15 months) (restated) £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	23	<u>(17,326)</u>	<u>66,331</u>
Cash flows from investing activities			
Bank interest		226	202
Purchase of property, plant and equipment		(2,834)	(954)
Net cash provided by / (used in) investing activities		<u>(2,608)</u>	<u>(752)</u>
Cash flows from financing activities			
Repayments of borrowing		(503)	(2,248)
Cash inflows from new borrowing		771	503
Net cash provided by / (used in) investing activities		<u>268</u>	<u>(1,745)</u>
Change in cash and cash equivalents in the reporting period		(19,666)	63,834
Cash and cash equivalents at the beginning of the reporting period		<u>113,427</u>	<u>49,593</u>
Cash and cash equivalents at the end of the reporting period		<u><u>93,761</u></u>	<u><u>113,427</u></u>

Hot Chocolate Trust
Scottish Charity SC035714, Company Limited by Guarantee SC 384635
Notes to the Accounts

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with 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 1 January 2015) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

This year's figures represent 12 months of activity, whereas the prior period figures represent 15 months of activity following a change to the accounting date in 2014.

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP (FRS102) the restatement of comparative items was required.

At the date of transition (01.10.13) in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability at the date of transition was for the holiday entitlement carried forward and the entitlement arising in the year which was due but not taken. The liability at 01.10.13 was for £6,446, and the liability at 31.12.14 was £1,653.

The reconciliation is set out in note 24.

Care has been taken to ensure that support costs have been allocated for 2014 in the same manner as for 2015, consistent with FRS102. No other changes have been made to the 2014 figures.

c) Preparation of the accounts on a going concern basis

The accounts are prepared on a going concern basis. Fund raising is a priority for Hot Chocolate Trust in order to ensure we can continue to work alongside the young people in the best way possible.

Hot Chocolate Trust
Scottish Charity SC035714, Company Limited by Guarantee SC 384635
Notes to the Accounts

d) Income

Incoming resources are recognised when the criteria of entitlement are met, receipt is probable and the income can be reliably measured. Incoming resources with related expenditure are reported gross in the Statement of Financial Activity (SoFA).

e) Donated services and facilities

Donated services and facilities are only included in incoming resources (with an equivalent amount in resources expended) when the criteria of entitlement are met, receipt is probable and the benefit to the charity is reliably measurable and material. The value placed on these resources is the estimated open market value. In accordance with the Charities SORP (FRS 102), the value of voluntary help received is not included in the accounts but is described in the trustees' annual report.

f) Interest receivable

Investment income is in the form of bank interest and is included in the accounts when receivable.

g) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Restricted funds are grants and donations which must be spent as specified by the donor.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise making grant applications, specific activities to raise funds and non-charitable trading, along with associated support costs.
- Expenditure on charitable activities comprises the costs of youth work and wider impact work as described in the trustees' report, along with associated support costs.
- Other expenditure represents those items not falling under any other heading.

Hot Chocolate Trust is not registered for VAT. Expenditure is therefore allocated to activities gross of VAT.

i) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include tasks such as finance, personnel, payroll and governance. These costs have been allocated between the cost of raising funds and expenditure on charitable activities on the basis outlined in note 10.

j) Tangible fixed assets

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Notes to the Accounts

Assets are capitalised above a de minimis level reviewed and agreed by the Treasurer on an annual basis. They are valued at cost and depreciation is charged on a straight line basis. Computer equipment is depreciated over 3 years, camera equipment over 8 years and other equipment over 5 years.

k) Stock

Stock is included at the lower of cost and net realisable value.

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand

This includes cash held and the balance of instant access accounts held with the Clydesdale Bank.

n) Creditors and provisions

Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments

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

p) Pensions

Eligible staff can opt into a defined contribution pension scheme. The charity agrees to contribute 10% of salary while the employee contributes 3% net of their gross salary. The scheme is a group personal pension operated by The Royal London Mutual Insurance Society Limited. The charity is responsible for collecting and paying over the contributions. The cost of the scheme is detailed in note 14.

From November 2016, the charity will be subject to automatic enrolment legislation. The existing scheme is suitable for auto-enrolment purposes.

2 Legal status of Hot Chocolate Trust

Hot Chocolate Trust is a company limited by guarantee and had no share capital. The liability of each member in the event of winding-up is limited to £1.

Hot Chocolate Trust
Scottish Charity SC035714, Company Limited by Guarantee SC 384635
Notes to the Accounts

3 Analysis of income from donations

	Unrestricted	Restricted	2015 (12 months)	2014 (15 months)
	£	£	£	£
Grants from other charities	9,400	112,984	122,384	173,749
Government grants	-	116,364	116,364	127,185
Gift aid donations	11,088	-	11,088	18,849
Tax reclaimed	2,785	-	2,785	4,740
Other donations	2,589	-	2,589	11,495
Donated services	56,350	-	56,350	66,156
Total income from donations	<u>82,212</u>	<u>229,348</u>	<u>311,560</u>	<u>402,174</u>

Government grants are received to support various aspects of our youth work and other costs, some of which are administered by third parties. Although we report on our outcomes to funders, the grants are not service-level agreements. There are no unfulfilled conditions or other contingencies attached to the grants recognised as income. There have been no other forms of government assistance.

4 Income from Charitable Activities

	2015 (12 months)	2014 (15 months)
	£	£
Income generated by youth work	603	1,220
Wider Impact Income	6,852	1,440
Social enterprise income	635	401
Total income from charitable activities	<u>8,090</u>	<u>3,061</u>

Income generated by youth work is from deposits received from young people for the Ardeonaig residential weekend, our Exodus summer programme tuck shop and from income generated during young people's work experience.

Wider Impact income is from student supervision and education consultancy.

Social enterprise income is from the sale of cards designed by young people.

5 Income from other trading activities

	2015 (12 months)	2014 (15 months)
	£	£
Fundraising events	1,823	1,312
Non-primary purpose trading	511	-
Total income from other trading activities	<u>2,334</u>	<u>1,312</u>

6 Income from investments

This is interest received on funds in Hot Chocolate Trust's bank account.

7 Other income

This is Employment Allowance received from the UK government.

8 Analysis of expenditure: Raising funds

Type of spending	Unrestricted	Restricted	2015 (12 months)	2014 (15 months) (restated)
	£	£	£	£
Direct staff costs	3,919	12,336	16,255	15,763
Direct building costs	1,243	-	1,243	1,273
Other fund raising costs	1,036	-	1,036	567
Support costs	781	760	1,541	1,382
	<u>6,979</u>	<u>13,096</u>	<u>20,075</u>	<u>18,985</u>

Of these expenses, £300 related to non-primary purpose trading.

Hot Chocolate Trust
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9 Analysis of expenditure: Charitable activities

Type of spending	Youth	Wider	2015	2014
	Work	Impact	(12 months)	(15 months) (restated)
	£	£	£	£
Direct staff costs	150,896	10,656	161,552	179,690
Direct youth work costs	22,187	-	22,187	28,066
Direct wider impact costs	-	4,486	4,486	2,668
Volunteer expenses	2,875	155	3,030	3,966
Training and development	3,343	180	3,523	6,260
Building usage	49,884	868	50,752	59,251
Support costs	41,645	2,244	43,889	50,803
	<u>270,830</u>	<u>18,589</u>	<u>289,419</u>	<u>330,704</u>

It can also be analysed between unrestricted and restricted funds as follows:

	Unrestricted	Restricted	2015
	£	£	(12 months) £
Direct staff costs	19,508	142,044	161,552
Direct youth work costs	910	21,277	22,187
Direct wider impact costs	635	3,851	4,486
Volunteer expenses	-	3,030	3,030
Training and development	1,419	2,104	3,523
Building usage	50,752	-	50,752
Support costs	23,605	20,284	43,889
	<u>96,829</u>	<u>192,590</u>	<u>289,419</u>

10 Analysis of resources expended: Support costs

Type of spending	Raising	Youth	Wider	2015	2014
	Funds	Work	Impact	(12 months)	(15 months) (restated)
	£	£	£	£	£
Staff costs	-	21,956	1,183	23,139	26,210
Building usage	-	1,306	70	1,376	1,813
Office running costs	625	7,450	401	8,476	9,421
Repairs and maintenance	284	3,387	183	3,854	3,844
Governance	632	7,546	407	8,585	10,897
	<u>1,541</u>	<u>41,645</u>	<u>2,244</u>	<u>45,430</u>	<u>52,185</u>

It can also be analysed between unrestricted and restricted funds as follows:

	Unrestricted	Restricted	2015
	£	£	(12 months) £
Staff costs	12,408	10,731	23,139
Building usage	1,376	-	1,376
Office running costs	4,083	4,393	8,476
Repairs and maintenance	1,856	1,998	3,854
Governance	4,663	3,922	8,585
	<u>24,386</u>	<u>21,044</u>	<u>45,430</u>

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Governance costs can be further broken down as follows:

	Unrestricted	Restricted	2015 (12 months)	2014 (15 months) (restated)
	£	£	£	£
Staff costs	2,274	3,689	5,963	8,504
Building usage	929	-	929	1,263
Capacity building and direct governance costs	610	233	843	280
Independent examiner's costs (donated service)	850	-	850	850
	<u>4,663</u>	<u>3,922</u>	<u>8,585</u>	<u>10,897</u>

Staff costs for each staff member are allocated to charitable activities, raising funds, support and governance according to hours worked.
Staff support costs are then allocated across charitable activities in the ratio of full time equivalent staff working directly in those areas.
Building usage costs are calculated separately for halls and offices.
Hall usage costs are allocated to youth work.
Office usage costs are allocated between raising funds, charitable activities, support and governance in accordance with staff hours worked.
The portion calculated as support costs is then allocated across the charitable activities in the ratio of full time equivalent staff working directly in those areas.
Other costs (office running costs, repairs and maintenance and governance costs) are allocated across raising funds and charitable activities in proportion to the number of full time equivalent staff in those areas.

11 Net income / (expenditure) for the year

This is stated after charging

	2015 (12 months)	2014 (15 months)
	£	£
Depreciation	2,410	3,064
Bank interest payable	4	-
Examiner's cost (donated service)	<u>850</u>	<u>850</u>

12 Trustees' remuneration, benefits and expenses

None of the trustees has been paid any remuneration or received any other benefits from an employment with Hot Chocolate Trust.
No expenses were paid to trustees in carrying out their role.
In line with legislation, the Trustees decided to purchase Trustees' assurance, which was paid for by Hot Chocolate Trust.

13 Independent Examiner's and other financial fees

We are grateful to Mr Richard Young, our independent examiner, who has donated time in examining the accounts. A value of £850 has been placed on this donated service (£850 last year).
The only other financial fee paid was in respect of the pension scheme as detailed in note 14.

14 Staffing

Staff costs	2015 (12 months)	2014 (15 months) (restated)
	£	£
Gross salaries	181,520	201,401
Employer's National Insurance	13,782	15,277
Pension costs	15,120	17,490
Statutory payments reclaimed from HMRC	<u>(3,513)</u>	<u>(4,002)</u>
	206,909	230,166
Professional fees (pension advice)	560	420
Employment allowance (NICs rebate)	<u>(2,000)</u>	<u>(2,000)</u>
Total	<u>205,469</u>	<u>228,586</u>

The average head count of staff employed during the year was 10.5 (2.3 full-time and 8.2 part-time).

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Average number of full-time equivalent employees in the year

Area of Work	2015
Fundraising	0.4
Youth Work	5.0
Wider Impact	0.3
Support	1.1
Total	6.8

No employee received employee benefits of more than £60,000.

The Executive Director (who is an employee and not on the board of directors) received gross salary for the year of £33,383, with employer pension contributions of £3,338 and employer's NI contributions of £3,493.

Defined contribution pension scheme

Optional personal pensions are available to all permanent employees earning above the NI threshold. The scheme cost £15,120 this year (last year £17,490 (15 months)).

15 Tangible fixed assets

Cost	Computer equipment	Camera equipment	Other equipment	Total
	£	£	£	£
At beginning of the year	9,264	3,863	1,175	14,302
Additions	2,378	-	456	2,834
Disposals	(652)	-	-	(652)
At end of the year	10,990	3,863	1,631	16,484

Depreciation

	Straight line basis			Total
	3 year life	8 year life	5 year life	
	£	£	£	£
At beginning of the year	6,542	3,033	636	10,211
Depreciation for the period	1,997	133	280	2,410
Disposals	(652)	-	-	(652)
At end of the year	7,887	3,166	916	11,969

Net book value

	£	£	£	£
Net book value at the beginning of the year	2,722	830	539	4,091
Net book value at the end of the year	3,103	697	715	4,515

16 Stock

Stock is valued at cost. The stock held are packs of cards designed by the young people and sold to raise funds for Hot Chocolate. The proceeds are used entirely for charitable purposes. The cost of stock sold was £166 and forms part of youth work charitable expenses.

17 Debtors and prepayments

Analysis of debtors	Amounts falling due within one year	
	2015	2014
	£	£
Debtors	291	243
Prepayments	2,406	2,178
Accrued income	32,448	1,670
Total	35,145	4,091

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18 Creditors and accruals

Analysis of creditors	Amounts falling due within one year	
	2015	2014
	(restated)	
	£	£
Company credit cards	771	503
Trade creditors	245	120
Accruals	3,001	1,653
Deferred income	-	4,500
Total	<u>4,017</u>	<u>6,776</u>

The deferred income at 31.12.14 represented payment made in December 2014 for consultancy services provided in 2015.

19 Restricted income funds

Hot Chocolate Trust received some grants for specific purposes or projects. These monies are held in the following restricted funds:

Fund name	Purpose
Baird Trust	Costs of moving premises
Bank of Scotland Foundation	Volunteer expenses
BBC Children in Need	Youth work, salary and training costs
Big Lottery Fund: Young Start	Youth work, salary and training costs
CashBack for Communities	Youth work and volunteer expenses
CashBack for Creativites	Youth work, salary and training costs
Community Innovation Fund	Wider impact and salary
Creative Scotland: Time to Shine	Youth work, salary and core spend
Creative Scotland: Youth Music Initiative	Youth work, salary and training costs
Dundee Alcohol and Drugs Partnership	Wider impact and salary
Dundee Christian Youth Trust	Youth work
Dundee City Council: Holiday Diversionary Fund	Youth work
Dundee City Council: Youth Investment Fund	Youth work
FiSCAF & STV Appeal	Wider impact and salary
Help for Kids	Youth work
Inspiring Scotland	Salary
Lloyds TSB Foundation for Scotland	Salary
O2	Youth work
People and Communities Fund	Youth work, salary, training and core costs
Robertson Trust	Core costs
SCVO	Salary
Souter Charitable Trust	Salary
The Christina Mary Hendrie Trust	Salary
The Tudor Trust	Salary
WM Sword Charitable Trust	Salary

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Movements of major funds

Fund name	Fund balance brought forward £	Incoming resources £	Outgoing resources £	Transfer of fixed assets to unrestricted funds £	Fund balance carried forward £
Baird Trust	242	-	112	130	-
Bank of Scotland Foundation	755	-	755	-	-
BBC Children in Need	5,558	32,040	33,057	-	4,541
Big Lottery Fund: Young Start	2,694	-	1,198	1,496	-
CashBack for Communities	297	2,769	2,891	175	-
CashBack for Creativites	9,769	6,480	9,769	-	6,480
Community Innovation Fund	-	10,943	7,856	-	3,087
Creative Scotland: Time to Shine	-	36,167	10,851	-	25,316
Creative Scotland: Youth Music Initiative	-	14,975	6,389	-	8,586
Dundee Alcohol and Drugs Partnership	-	9,973	9,973	-	-
Dundee Christian Youth Trust	-	1,000	1,000	-	-
Dundee City Council: Holiday Diversionary Fund	-	1,000	1,000	-	-
Dundee City Council: Youth Investment Fund	750	750	1,500	-	-
FiSCAF & STV Appeal	-	5,000	1,559	-	3,441
Help for Kids	-	1,000	1,000	-	-
Inspiring Scotland	-	32,000	32,000	-	-
Lloyds TSB Foundation for Scotland	-	4,000	4,000	-	-
O2	308	-	-	-	308
People and Communities Fund	-	42,544	42,544	-	-
Robertson Trust	4,772	-	4,772	-	-
SCVO	-	1,707	1,707	-	-
Souter Charitable Trust	1,254	-	1,254	-	-
The Christina Mary Hendrie Trust	5,000	-	5,000	-	-
The Tudor Trust	25,000	25,000	23,658	-	26,342
WM Sword Charitable Trust	-	2,000	1,841	-	159
Total restricted funds	56,399	229,348	205,686	1,801	78,260

At the year end, the Creative Scotland: Time to Shine fund balance included a fixed asset less depreciation.

Transfers between funds

The transfers from restricted to unrestricted funds are assets purchased with restricted funds that are now used for unrestricted purposes after the end of the grant period.

20 Transactions with related parties

The Steeple Church: Dundee (Church of Scotland) is considered to be a related party as 2 of Hot Chocolate Trust's 8 trustees are nominated by The Steeple Church, thereby constituting "significant influence". The Steeple Church donates the use of the halls and office spaces to Hot Chocolate Trust (see note 21). Hot Chocolate Trust paid £2,500 to The Steeple Church as a contribution towards the cost of utilities. This amount was agreed by the board as part of setting the year's budget.

As declared in note 12, Hot Chocolate Trust purchased Trustee Assurance on behalf of the board.

21 Use of halls and office space

Hot Chocolate Trust is grateful to The Steeple Church for the free use of halls for youth work, and the free use of office space it receives. These donated services have been valued for the year at £54,300 in the accounts, with an associated cost incurred (£63,600 last year (15 months)).

22 Corporation Tax

The charity is exempt from tax on income falling within S505(1)(e) ICTA 1988, S46 FA 2000 or ESC C4, to the extent that these are applied to its charitable objects.

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23 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2015 (12 months) £	2014 (15 months) £
Net income / (expenditure)	14,716	59,060
Adjustments for		
Depreciation charge	2,410	3,064
Bank interest	(226)	(202)
(Increase) / decrease in stock	(145)	-
(Increase) / decrease in debtors	(31,054)	5,799
Increase / (decrease) in creditors (excluding credit cards)	(3,027)	(1,390)
Net cash provided by / (used in) operating activities	(17,326)	66,331

24 Reconciliation of previous balances

The reconciliation of balances is as follows:	£
Fund balance at 01.10.13 as previously stated	62,219
Adjustment for short-term compensated absence at 01.10.13	(6,446)
Restated balance at 01.10.13	55,773
Net movement in funds for 15 months to 31.12.14 as previously stated	54,267
Adjustment for short-term compensated absence at 31.12.14 (reduction in liability) (6,446 – 1,653)	4,793
Restated balance at 31.12.14	114,833